# SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1965

No. 238

## UNITED STATES, APPELLANT,

VS

## SEALY, INC.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS

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297	E. H. Bergmann, Sealy, Inc., Cleveland, Ohio : 802	E	726
7	No. 418 Letter dated May 15, 1953 from M. A.		
	Kaplan, Sealy Mattres Co., Chicago, Ill. to		
0.55	E. H. Bergmann, Sealy, Inc., Cleveland, Ohio 804	E	728
b	No. 419 Letter dated May 20, 1958 from Sealy		
	Inc. to M.A. Kaplan, Sealy Mattress Co., Chi-	. 1	
	eago, Ill	E.	730
* 9	No. 420-Letter dated May 19, 1953 from E. H.	- 1	
- 00 1	Bergmann to H. M. Forbes, Sealy Mattress Co.		
-	Louisville, Kyenney Lavierd Str. Burnary 1 1 808	FC .	732
	No. 421-Letter dated May 20, 1953 from E. H.		.02
	Bergiana to H. Le Forbes, Scaly-Mattress Co., S	*	
		-	733
AFT	909 ergrassn at Saaly, Incorporated to Selly, Misminol	4	100
714	HIR 422 Memorandum from Joseph Lawrences Togget		794
	E. H. Bergmebne Wied Januer policy 1956-1-32 811		734
	No. 423 Letter deledo Jachery: 16 M 1964 3 from HW.		
	R. Belleferinging Logant Cauter M. M. Raplanicat		700
715	Sessely-Mattress Co., Chicago, Illinois cin'O . Small?	Ci .	736
	No. 424 Letter dated January 26, 1954 from	- 1	
	R. B. Swearingen, Logan Co. to J. R. Lawrence,		
	Sealy, Inc., Chicago, Ill 813	E .	737

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tinued	. 3	augh.
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No. 425-Letter dated January 26, 1954 fr		
R. B. Swearingen, Logan Co., to Sealy, In		
Cleveland, Ohio		738
No. 426-Letter dated January 28, 1954 fr		100
C. B. McGillivray, Scaly, to R. B. Swearing		700
Sealy Mattress, Louisville, Ky.		739
No. 427—Telegram dated February 5, 1954 fr		1,0
Earl Bergmann, Sealy, Inc., to M. A. Kapl		
Sealy, Chicago, and B. B. Swearingen, See	uy,	2
Louisville, Ky.t. A. over horself assessed	STOR	740
No. 428—Telegram dated February 8, 1954 fr		
R. B. Sweatingen, Logan Co., to E. H. Be		
mann, Sealy, Inc.		740
No. 429—Letter dated February 5, 1954 fr		
E. H. Bergmann, Sealy, Inc. to M. A. Kapl		
Sealy, Chicago and R. B. Swearingen, Sea		1
Louisville, Ky.		741
No. 430-Letter dated March 15, 1954 from E.		1
Bergmanh, Sealy, Inc. to C. B. McGilliyr	ay,	11 .
Sealy, Chicago, Ill. A. D. A.		743
No. 431-Letter dated February 16, 1954 fr	om.	
E. H. Bergmann, Sealy, Inc. to M. A. Kapl	an,	*
Sealy, Chicago and R. B. Swearingen, See	ly,	
Louisville, Ky.	821E	744
No. 432-Agreement dated April 2, 1954 between	en. /	
Bealy Mattress of Chicago and Sealy Mattr		
of Louisville re Pearsons Furniture & Music.	Co.	
of Indianapolis	823E	746
No. 433-Letter dated March 22, 1954 from E.		
Bergmann, Sealy, Inc. to C. B. McGillivro		
Sealy, Chicago, Ill.		748
No. 434-Letter dated March 25, 1954 from R.		
Swearingen, Sealy, Louisville to E. H. Ber		
mann, Sealy, Inc., Cleveland, Ohio		749
TWO. 435-Letter dated April 2, 1954 from C.		1,
McGillivray, Sealy, Chicago, Illinois to R.		1 200
Swearingen, Sealy, Louisville, Ky., viena		751
No. 436-Letter dated April 8, 1954 from Re	Jan's	1
Howard, Logan Coo to East Berguiann, See	lean are	
Inc., Gleveland Oliongan Staff least at giese	ROOF	753
Wo. 437-Letter dated April 19, 1954 from E.		
Bergmann, Seilly Inc. to R. A. Howard, See		
Louisville, Kyali annal D. E. ot giesti, mas	TOOP	756
SYS 2 No. 438—Letter dated February 14, 1955 17		4.00
Wm. A. Edie, Louisville, Ky. to C. B. McGil		38
vray, Sealy, Chicago, Ill.		757
viay, bonly, Omongo, Ill	COOL	101

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	Exhibits—Continued	Original	Print
	-Letter dated February 15, 1955 from	0	* '4 .
	McGillivray, Chicago, Ill. to Bill Edie		
Sealy,	Louisville, Ky	. 834E	758
No. 440-	-Letter dated February 16, 1955 from	n	
E)H. I	Bergmann, Sealy, to Wm. A. Edie, Sealy	,	/.
	ille, Ky. and C. B. McGillivray, Sealy		/
	o, III.	. 835E	759
	Letter dated February 16, 1955 from Bergmann, Sealy, to C. B. McGillivray		
	Chicago, Ill. and Wm. A. Edie, Seels		
	ille, Ky.	836E	760
No. 449	-Letter dated February 21, 1955 from		
	A. Edie, Sealy, to C. B. McGillivray		
Sealy,	Chicago, Ill.	837E	761
No. 443-	-Letter dated February 24, 1955 from	n	
C. B.	McGillivray, Seely, to Wm. A. Edie	b,	
Sealy,	Louisville, Ky	. 838E	762
No. 444	-Letter dated February 27, 1955 from	n	
	Edie, Sealy, Louisville, Ky. to Earl Berg		740
	Cleveland, Ohio with attachments  Telegram dated March 2, 1955 from		763
	Bergmann, Sealy, to C. B. McGillivray		
	Chicago, Ill.		769
No. 446-	-Letter dated March 2, 1955 from C. E	3.	
. MeGill	livray, Sealy, Chicago, Ill. to Earl Berg		4.
mann,	Sealy, Chicago, Ill	. 844E	769
No. 447-	-Letter dated April 11, 1955 from C. H		
	livray, Sealy, to Wm. A. Edie, Sealy		
Louisvi	ille, Ky	. 846E	771
	A—Agreement dated January 1, 1965 be		* * *
	Sealy of Chicago and Sealy of Louisville		772
	-Letter dated April 29, 1955 from Wg		
	ie, Sealy, to Earl Bergmann, Sealy, Chi		
	<b>II.</b>		.773
. No. 449	-Letter dated April 29, 1955 from Wm		,
A. Ed	ie, Sealy, to C. B. McGillivray, Sealy	· ·	
Chicago	o, Ill	. 840E	774
No. 450-	-Letter dated June 8, 1955 from Wm. A		
Edie, &	Sealy, to Earl Bergmann, Sealy, Chicago	bron.	me
No 451	-Letter dated August 3, 1955 from E. H	. 950E	775
	ann, Sealy to, E. C. Logan, Sealy, Louis		
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tinued		Wildle .
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No. 452-Letter dated January 11, 1956 from		**
Robert L. Howard, Controller to Ray Garland,	-	
Pearsons, Chicago, Ill.	854E	778
No. 453-Letter dated October 17, 1956 from Fiel-		
den Woodward, Woodward, Hobson & Fulton		
Louisville, Ky. to E. H. Bergmann, Sealy, Inc.	OFER	770
No. 454 Tetter Josef October 20, 1050 ferring	- COOL	779
No. 454 Letter dated October 29, 1956 from	18	.*
.E. H. Bergmann, Sealy, Inc. to M. A. Kaplan,		
Sealy, Chicago, Ill.		782
No. 455-Letter dated November 8, 1956 from	2	
E. C. Logan, Sealy, Louisville to E. H. Berg-	* *	
mann, Sealy, Inc., Chicago, Ill.	859E	783
No. 456-Letter dated March 12, 1953 from J. R.		
Lawrence, Sealy, Inc. to H. L. Forbes, Sealy,	- 1	¥ .
Louisville, Ky.	861E	785
No. 457-Memorandum from J. R. Lawrence to		
E. H. Bergmann, dated April 14, 1953	862E	786
No. 458—Letter dated October 14, 1953 from	OUZE	, 100
C. B. McGillivray, Scaly, Chicago to E. H.		
Bergmann, Sealy, Inc., Cleveland, Ohio.	863E	787
No. 459 Letter from E. H. Bergmann, Sealy,		*
Inc. to E. M. Wuliger, Sealy, Cleveland, Ohio,		
dated December 24, 1953	. 865E	789
No. 460-Letter from R. G. Culp, Sealy, Pitts-		
burgh, to E. H. Bergmann, Sealy, Inc., Cleve-		•
land, Ohio	- 866E	790
No. 461-Letter dated January 12, 1954 from	. 14	,
E. H. Bergmann, Sealy, Inc. to Sealy of Pitte-	. 1 0.	. :
	987F	700
No. 461-A—Letter dated May 18, 1954 from E. H.	867E	792
Bergmann, Sealy, Inc. to Max Lewis, Sealy,		
Paterson, N.J.	869E	793
No. 461-B-Letter from M. Lewis, Sealy, Pater-	1. 114	
son, N.J. to E. H. Bergmann, Sealy, Inc., dated		- *
May 20, 1954	· 870E	794
No. 462—Letter dated July 19, 1954 from Morris		
A. Kaplan, Sealy, Chicago to Marcus Haas,		
Sealy, Memphis, Tenn.	872E	795
No. 463-Letter dated July 21, 1954 from M. L.	0.00	
Haas, Sealy Company of the Southeast to Sealy,		
Chicago Til	0797	70e
Chicago, Ill.	, 873E	796
No. 464—Letter dated July 26, 1954 from Morris		
A. Kaplan, Sealy, Chicago, Ill. to H. N. Ryden,	15.7	
Sealy, Des Moines, Iowa	875E	798
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Government's Exhibits—Continued	Original	Print
No. 465-Letter dated August 3, 1954 from H. N.	1 "	
Ryden, Sealy, Des Moines to Morris A. Kaplan,		
Sealy, Chicago, Ill.		891
No. 466-Letter dated August 10, 1954 from E. H.		
Bergmann, Sealy, Inc. to M. A. Kaplan, Chi-		
cago; Harry Ryden, Des Moines; Marcus Haas,		
Memphis; and P. D. Brown, Detroit		802
No. 467-Letter dated August 12, 1954 from H. N.		
Ryden, Sealy, Des Moines to Earl H. Bergmann,		,
Sealy, Inc.	880E	804
No. 468-Letter dated August 13, 1954 from.C. B.		
McGillivray, Sealy, Chicago to E. H. Bergmann,		
Sealy, Inc.		805
No. 409-Letter dated August 17, 1954 from E. H.	. 00213	. 000
Bergmann, Sealy, Inc. to Harry Ryden, Sealy,		
Des Moines		806
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No. 470—Letter dated August 19, 1954 from M. L.		007
Haas, Sealy, Memphis to Sealy, Inc., Cleveland		807
No. 471—Letter dated August 17, 1954 from E. H.		
Bergmann, Sealy, Inc. to Ralph Swearingen,		
Sealy, Louisville.		808
No. 472-Letter dated September 7, 1954 from		
E. H. Bergmann, Sealy, Inc. to Ralph Swear-		
ingen, Sealy, Louisville, Ky	885E	809
No. 473-Letter dated September 9, 1954 from		
"Leon", Sealy, Louisville to Ralph Swearingen		810
No. 474—Letter dated September 13, 1954 from		1
R. B. Swearingen, Sealy, Louisville to E. H.		
Bergmann, Sealy, Inc.	887E	812
No. 475-Letter dated September 27, 1954 from		*
E. H. Bergmann, Sealy, Inc. to Ralph B. Swear-		
ingen, Sealy, Louisville		814
No. 476—Letter dated August 24, 1954 from J. R.		
Rudick, Sealy, Baltimore to Earl Bergmann,		
Sealy, Inc. with attached letter dated August 24,		
1954 from J. R. Rudick to Eugene Kligman,		
" Sealy, Brooklyn	889E	815
No. 477-Letter dated August 26, 1954 from E. H.		020
Bergmann, Sealy, Inc. to Joseph Rudick, Sealy,		
Baltimore, Md.	892E	818
No. 478—Letter dated September 15, 1954 from		010
M. L. Haas, Seely, Memphis to Louis G. Haas,		
Sealy of the Southwest		010
		819
No. 479—Letter dated September 27, 1954 from		
E. H. Bergmann, Sealy, Inc. to C. McGillivray,		000
Sealy, Chicago, Ill	894E	820

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tinued		0.0
Government's Exhibits—Continued	Original	Print
No. 480—Letter dated December 28, 1954 from	14 - DA	
H. F. Kaufman, Sealy, Pittsburgh to F. H.		
Bergmann, Sealy, Inc.	896E	822
No. 481-Letter dated December 30, 1954 from		000
Ernest M. Wuliger, Sealy, Cleveland, to H. F.	0000	-
Kaufman, Sealy, Pittsburgh	897E	823
No. 483-Letter dated January 7, 1955 from E. H.	P	
Bergmann, Sealy, Inc. to E. M. Wuliger, Sealy,		
Cleveland	- 898E	824
No. 484-Letter dated January 7, 1954 from		
E. H. Bergmann, Sealy, Inc. to H. F. Kaufman,		
Sealy, Pittsburgh	899E	200
No 405 Tetter John Towns 10 1055 A. (8)	OSSE	825
No. 485—Letter dated January 10, 1955 from (†)		-
to Ernest	900E	826
No. 486—Letter dated January 13, 1955 from		
Ernest M. Wuliger, Sealy, Cleveland to E. H.	1	
Bergmann, Sealy, Inc.	901E	828
No. 487-Letter dated January 14, 1955 from		
E. H. Bergmann, Sealy, Inc. to Ernest M.		,
Wuliger, Sealy, Cleveland, Ohio	00070	000
	902E	829
No. 488-Letter dated January 17, 1955 from	~	
Ernest M. Wuliger, Ohio Mattress Co., Cleve-		
land to E. H. Bergmann, Sealy, Inc., Cleveland	904E	831
No. 489—Letter dated February 17, 1955 from	-	
H. F. Kaufman, Sealy, Pittsburgh to E. H.		
Bergmann, Sealy, Inc.	905E	833
No. 490-Letter dated March 11, 1955 from E. H.		000
Bergmann, Sealy, Inc. to E. M. Wuliger, Sealy,		
Cleveland	907E	835
No. 491-Memorandum dated March 17, 1955		100
from Kay K. Kaplan to Mr. Bergmann	908E	836
No. 492-Letter dated March 17, 1955 from E. H.		
Bergmann, Sealy, Inc. to H. F. Kaufman, Sealy,		
Pittsburgh	910E	837
No. 493-Letter dated February 10, 1955 from		
C. B. McGillivray to Bill Edie, Logan Com-		
C. B. McGuntray to Bin Edie, Logan Com-		000
pany, Louisville, Ky.	911E	838
No. 494—Letter dated June 20, 1955 from Roy B.		ei,
Unger, Sealy, Cleveland to E. H. Bergmann,		4
Sealy, Inc., Chicago	912E	839
No. 495—Letter dated July 6, 1955 from E. H.		
Bergmann, Sealy, Inc. to Roy Unger, Sealy,		
(n)	913E	840
No. 496—Letter dated August 9, 1955 from E. H.	ATOM .	020
Denomina Cooks Too As Don The Cooks		
Bergmann, Sealy, Inc. to Roy Unger, Sealy,	01.4	
Cleveland, and J. DiSalvo, Sealy, Pittsburgh.	914E	841

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overnment's Exhibits—Continued	Original	Print	
No. 497—Letter dated July 25, 1955 from D. B.		,	1
Embree, Sealy, Memphis to E. H. Bergmann			
Sealy, Inc., Chicago	915E	842	
No. 498-Letter dated August 3, 1955 from E. H.			
Bergmann, Sealy, Inc. to Mrs. D. B. Embree,			
Sealy, Memphis	916E	843	
No. 499-Letter dated August 3, 1955 from E. H.			
Bergmann, Sealy, Inc. to Morris A. Kaplan,			
Sealy, Chicago	917E	844	
No. 500-Letter dated August 8, 1955 from Morris			
A. Kaplan, Sealy, Chicago to E. H. Bergmann,			
Sealy, Inc.	918E	845	
No. 501-Letter dated August 11, 1955 from E. H.		1	
Bergmann, Sealy, Inc. to Mrs. D. B. Embree,			
Sealy, Memphis	919E	846	
No. 502-Letter dated August 11, 1955 from E. H.			
Bergmann, Sealy, Inc. to Morris A. Kaplan,			
Sealy, Chicago	920E	847	
No. 503-Letter dated September 20, 1955 from	/		
E. H. Bergmann, Sealy, Inc. to Mrs. D. B. Em-			
bree, Sealy, Memphis	921E	848	
No. 504—Letter dated September 22, 1955 from			
D. B. Embree, Sealy, Memphis, to E. H. Berg-	9 0007	. 040	
mann, Sealy, Inc., Chicago	922E	849	
No. 505-Letter dated October 15, 1955 from D. B.			
Embree, Sealy, Memphis to E. H. Bergmann,	* .	1	
Sealy, Inc. with attached catalog sheet of Harri-	ODOTA	850	
son Wholesale Company	923E	830	
No. 506-Letter dated October 18, 1955 from		•	
E. H. Bergmann, Sealy, Inc. to D. B. Embree,	925E	853	
Sealy, Memphis	920E	000	•
No. 507—Letter dated August 18, 1955 from A. Eisenberg, Sealy, New York to Max Lewis,			
Sealy, Paterson, N.J.	926E	854	
No. 508—Letter dated August 24, 1955 from E. H.	0202		
Bergmann, Sealy, Inc. to Eugene Kligman			
Brooklyn'	927E	855	
No. 509-Letter dated August 29, 1955 from			
Engene Kligman, Sealy, New York to Ear			
Bergmann, Sealy, Inc.	928E	856	
No. 510—Letter dated September 19, 1955 from	1		
E. H. Bergmann, Sealy, Inc. to Eugene Klig-			
man, Sealy, Brooklyn	929E	857	
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tinn			b.
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	No. 511-Letter dated November 2, 1955 from		
-	Eugene Kligman, Sealy, Brooklyn to Earl Berg-		*
	mann, Sealy, Inc. Chicago	930E	858
	No. 512-Letter dated October 26, 1955 from Fred.		000
	Weintraub, Darling Distributing Corp., N.Y. to		1 4
	Gene Kligman, Sealy, Brooklyn	932E	860
	No. 513-Letter dated September 7, 1955 from		000
	J. R. Rudick, Sealy, Baltimore to E. H. Berg		
	mann, Sealy, Inc., Chicago, Ill	933E	981
	No. 514-Letter dated May 21, 1956 from J. R.	90013	861
	Rudick, Sealy, Baltimore to J. V. Moffitt, Jr.,		
	Sealy, Lexington, N.C.	935E	863
	No. 515—Letter dated April 18, 1956 from E. H.	BOOE	000
	Bergmann, Sealy, Inc. to Mrs. D. B. Embree,		
	Sealy, Memphis	936E	004
	No. 516—Letter dated April 13, 1956 from D. B.	930E	864
	Embree, Sealy, Memphis to E. H. Bergmann,		10
. ,	Seely Tra Chicago III	00000	000
. '	Sealy, Inc., Chicago, Ill.	938E	866
	No. 517—Letter dated September 26, 1955 from		
	Sidney Sutherland, Sealy, Richmond, Va. to Joe		000
	Moffitt, Sealy, Lexington, N.C.	941E	869
	No. 518—Letter dated October 14, 1955 from J. V.	3	
	Moffitt, Jr., Sealy, Lexington, N.C. to Sidney	0.4077	-
	Sutherland, Sealy, Richmond, Va.	942E	870
	No. 519—Letter dated October 18, 1955 from Sid-		
(3	ney Sutherland, Sealy, Richmond to E. H. Berg-	^	
	mann, Sealy, Inc., Chicago, Ill.	944E	872
	No. 520—Letter dated October 18, 1955 from Sid-		
	ney Sutherland, Sealy, Richmond to J. V. Mof		
	fitt, Jr., Sealy, Lexington, N.C.	945E	873
	No. 521—Letter dated July 5, 1956 from Joseph		
	R. Rudick, Sealy, Baltimore to E. H. Bergmann,		
	Sealy, Inc.	946E	874
	No. 522—Letter dated February 29, 1956 from		•
2	D. B. Embree, Sealy, Memphis to E. H. Berg-	111	
	mann, Sealy, Inc., Chicago, Ill.	948E	876
	No. 523—Letter dated March-2, 1956 from E. H.		
	Bergmann, Sealy, Inc. to Mrs. D. B. Embree,		-
	Sealy, Memphis	949E	877
	No. 524—Letter dated March 2, 1956 from E. H.		
	Bergmann, Sealy, Inc. to William Edie, Sealy,		
	Louisville	950E	878
	No. 525-Letter dated March 12, 1956 from Wm.		
	A. Edie, Sealy, Louisville to Earl Bergmann,	4 .	
	Sealy, Inc., Chicago, Ill	951E	879
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No. 526-Letter dated May 7, 1956 from Wm. A.		
Edie, Sealy, Louisville to Earl Bergmann,		
Sealy, Inc., Chicago, Ill.	952E	- 000
No. 527—Letter dated May 8, 1956 from E. H.		880
Bergmann, Sealy, Inc. to William Edie, Sealy,		
Louisville	OFOTO	001
	953E	881
No. 528—Letter dated December 4, 1956 from		
Edgar C. Haas, Jr., Sealy, Memphis to E. H.	OFAT	
Bergmann, Sealy, Inc., Chicago, Ill.	954E	882
No. 529—Letter dated December 17, 1956 from		n .
E. H. Bergmann, Sealy, Inc. to Edgar C. Haas,		
Jr., Sealy, Memphis	955Ē	883-
No. 530-Letter dated December 18, 1956 from		9 .
E. H. Bergmann, Sealy, Inc. to J. L. Metcalfe,		
Sealy, Bluefield, Va.	956E	· 884
No. 531-Letter dated December 26, 1956 from	1	
J. L. Metcalfe, Sealy, Bluefield, Va. to E. H.	4	
Bergmann, Sealy, Inc.	957E	885
No. 532-Letter dated December 28, 1956 from		
E. H. Bergmann, Sealy, Inc. to Edgar Haas,		
Jr., Sealy, Memphis, Tenn	958E	886
No. 533-Letter dated December 28, 1956 from	1.	
E. H. Bergmann, Sealy, Inc. to R. G. Culp,	1.	
Sealy, Pittsburgh	959E	887
No. 534-Letter dated December 31, 1956 from		
R. G. Culp, Sealy, Pittsburgh to E. H. Berg-		
mann, Sealy, Inc.	960E	888
No. 601-Minutes of the Sealy Board of Directors		>
Meeting, held at Pittsburgh, Pa., November 4,		
1938 (excerpts)	961E	889
No. 638-Minutes of Reconvened Meeting of		
Sealy, Inc. Board of Directors, held at San	144	
Souci Hotel, Miami Beach, Florida, April 7,		
1954 (excerpts)	968E	890
No. 662-Minutes of the Advertising & Merchan-	× *	
dising Committee Meeting in Chicago, Ill., De-		
eember 11, 1956 (excerpts)	972E	891
No. 664-Minutes of the Advertising & Merchan-		
dising Committee Meeting in New York, Jan-		
uary 26, 1957 (excerpts)	978E	896
No. 741-Bulletin from J. R. Lawrence to all		
Sealy Licensees. Subject: Resume of royalty		
payments. Dated May 29, 1952 (excerpts)	984E	900
payarenes water any set toos (carerpie)	· · ·	900

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ecord from the United States District Court for the Northern District of Illinois, Eastern Division—Con-		mwsli.
tinued		
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No. 753-Bulletin from E. H. Bergmann to all		
Sealy Licensees. Subject: Programs of pro-		**
eedure approved and adopted by the Board of		10 3
Directors. Dated May 28, 1954	986E	901
No. 777—Bulletin from E. H. Bergmann to all	POOL	POT
Sealy plants. Subject: Specification and cost		
committees for 1956. Dated February 17, 1956	989E	904
No. 816 Letter from Ernest M. Wuliger to E. H.		
Bergmann. Dated February 11, 1953		905
No. 817-Letter from H. F. Kaufman to E. H.		
Bergmann. Dated February 18, 1953	991E	906
No. 887-Letter from J. V. Moffitt, Jr. to E. H.		
Bergmann. Dated May 4, 1956	992E	908
No. 878-Letter from E. H. Bergmann to J. V.		
Moffitt, Jr., dated May 8, 1956	993E	909
No. 932-Minutes of Executive Committee Meet-		,000
ing, held William Penn Hotel, Pittsburgh, Pa.,		
December 14, 1936 (excerpts)		910
No. 933—Minutes of Executive Committee Meet-		48
ing, held Stevens Hotel, Chicago, Ill., January		
7, 1937 (excerpts)	999E	913
No. 934—Minutes of Board of Directors Meeting,		- 20
held Stevens Hotel, Chicago, Ill., January 8,	7-	
1937 (excerpts)	1002E	916
No. 937-Minutes of the Board of Directors Meet-		
ing, held Palmer House, Chicago, Ill., June 30		
and July 1, 1937 (excerpts)	1004E	916
No. 938—Minutes of the Stockholders Meeting of		.910
Cools Inc. hold Dalmer House Chicago Ill		
Sealy, Inc., held Palmer House, Chicago, Ill.,	10000	
July 2 and 3, 1937 (excerpts)	1006E	917
No. 939—Alphabetical list of Stockholders, De-		
cember 6, 1937 and Scaly Annual Meeting, held		. 3
Palmer House, Chicago, Ill. Board of Directors,		
December 7, 1937 (excerpts)	1008E	918
No. 940—Sealy Stockholders Meeting, held Palmer		
House, Chicago, Ill., December 7, 1937 (ex-		
cerpts)	1012E	920
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rated and U.S. Bedding Co. of Shelby County,		
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12, 1936	1201E	1092
No. 1018 Contract made between Sealy, Inc. and	7 0	1
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cember 8, 1948	1260E	1155
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Mattress Co., and Sealy, Inc., on		
May 1, 1946	1262E	1157
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, Sealy, Incorporated and Sealy Mattress Cot of		
Kansas City, dated October 1947	1270E	1171
No. 1051-Contract between Sealy, Incorporated		
and Sanitary Bedding Co., a partnership con-		
sisting of Ross S. Rosenberg, Mrs. Rebecca		
Rosenberg, Isadore Segal, Saralee (Mrs. Ber-	1	
nard) Kegan, on September 27, 1948	1273E	1174
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and U.S. Bedding Co., of Memphis, Tenn., a	1	
eorporation of Georgia, on July 1, 1950	1284E	1192

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	and David Mfg. Co., of the State of Missouri,		
	with office at Kansas City, Mo., on October 1.		
	1952	1295E	1211
	No. 1065—Contract between Sealy, Incorporated		
	and Peerless Mattress Co., Inc., a corporation		
	of North Carolina, with offices in Lexington.		* *
	N.C., on November 1, 1952	1314E	1232
	No. 1074 Contract between Sealy, Incorporated		- T
	and Sanitary Bedding Co., a partnership con-	*	
	sisting of Ross S. Rosenberg, Bernard M. S.		
	Kegan and Rebecca R. Lichter, on May 15, 1952	1334E	1254
	No. 1085 Contract between Sealy, Incorporated		
	and Schmitt & Henry Mfg. Co., of Des Moines,		*
	Iowa, whose tradename is Sealy Mattress Co.,		
	on° September 28, 1948	1353E	1275
	No. 1086—Contract between Sealy, Incorporated		
	and Brown Reliable Bedding Co., a corporation	• 1	
	of Michigan, on September 1, 1954	1365E	1296
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	thereto	1383E	1315
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	Gloria S. Bennett, U. S. Merchandise Mart,		
	Washington, D.C., dated July 2, 1956	1402E	1332
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	man Bennett, U. S. Merchandise Mart, Wash-		
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	No. 1170—Letter from Norman Bennett to Marty		
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	No. 1171-Letter from Marty Rudick to Norman		
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	dent to Marty Rudick, dated September 10,		
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# [fol. 631E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 285

Dict. 5/4/51. May 7, 1951.

Fisher Products Company 316 Price Street Chester, Pennsylvania

Attention: Mr. Irving L. Fisher

## Dear Irving:

I want to acknowledge receipt of your letter of April 21 and also to confirm my telephone conversation to you regarding that letter at this time.

As I stated to you I am not in a position to guarantee to you that I can amend the contract at this time to include Montgomery and Buck counties. However, as I mentioned to you I did dispatch a letter to the Reading plant a day or two ago wherein I called their attention to the fact that inasmuch as they have not objected to my letter to them stating that it was my desire to include these two counties in your contract that I assumed they were willing to cooperate and that I was issuing their new contract on that basis. I have every reason to believe that Ted Englehardt is going to be perfectly willing to go along on that basis, but I do not want to definitely promise you the contract until I have his verbal or written okay.

So far as the second suggestion in your letter regarding revisions or amendments to the contract this letter may be accepted as a statement of principle on the part of Sealy Incorporated to the extent that should, in the future, government restrictions develop which would leave your company without any quota of mattress units in order to operate your mattress business that Sealy Incorporated would not expect to have fulfilled the provisions of the contracts regarding the minimums and the only thing that would be required would be the payment of the royalty on the actual sales consummated. Frankly, I do not believe there is too great a danger in this direction, but we are perfectly willing to confirm our understanding that we would not expect

our minimums in the case that you found yourself in a posi-

tion to operate.

[fol. 632E] As to the setting back of the effective date of the paying of the royalty payments on actual sales I do not believe that this is too important at this time. We do not know as to how extensive it is going to be and it is my suggestion that we proceed on the basis of the outline by Mr. Lawrence and then if we see that the amount of revenue that would be due Sealy could be used in the way of an additional source of advertising income to you I am quite sure that we can work out something at that time that will be to your benefit and to the interest of Sealy.

I am tentatively setting my itinerary to be in Philadelphia on Monday the twenty-eighth. Mrs. Bergmann and I will probably drive from Cleveland on the twenty-sixth and spend Sunday the Twenty-seventh at Hershey and be over in Chester early on the morning of the twenty-eighth. I would probably want to proceed to Reading on the twenty-ninth and then return home to Cleveland on Decoration

Day, May 30.

If you do not hear further from me please anticipate our being in Chester on the twenty-eighth and I would appreciate it if you would obtain reservations for Mrs. Bergmann and me for a twin bedded room, if possible, in a suitable hotel in Philadelphia for the night of the twenty-eighth.

Very truly yours, Sealy, Incorporated, E. H. Berg-

EHB/ba

## [fol. 633E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 289

#### FISHER PRODUCTS COMPANY

Leading Specialists in Dual Purpose Furniture 316 Price Street—Chester, Pennsylvania Telephone Chester 5-1865

July 10, 1951.

Sealy, Inc. 633 3rd St., N. W. Massillon, Ohio

Attention: Mr. Earl Bergmann

#### Dear Earl:

This letter is merely for the purpose of putting on record our desire for an option for the territory now served by Sealy Mattress Company of Reading in the event that any change should occur at that point.

In working with our advertising counsel in planning our complete advertising program for this area for Sealy, we find that due to the peculiar local situation of limited advertising media, that a very large portion of our advertising is being directed into this territory now serviced by the Reading plant. I know that this will ultimately lead to some embarrassment for the Reading plant, particularly on promotional activities which we will originate in this area.

Another reason for our desiring an option on this territory, in the event of a change, is that we find ourselves with a very limited number of smaller towns in which to operate. On examining and talking with the more successful Sealy members in almost every case they have a fairly good small town distribution in addition to their larger cities. This helps definitely, in my opinion, to balance your distribution from a safety distribution factor.

You will be interested to know that we are planning to get together with Ted Englehart to attempt to resolve some

of the differences which may arrise in order to try to get along harmoniously to the very best of our abilities. Also, I don't want you to misconstrue the intent of this letter. My only object in writing you is to put on paper some of the thoughts that we have had and discussed in the past, and is not in any way intended to act or seem as a slur against the present Reading operation.

If you have any comments on this entire matter, I would

appreciate hearing from you.

Very truly yours, Fisher Products Company, Irving L. Fisher.

ILF:edp

# [fol. 634E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 290

Dict. 7/17/51. July 18, 1951.

Fisher Products Company 316 Price Street Chester, Pennsylvania

Attention: Mr. Irving Fisher

#### Dear Irv:

I acknowledge receipt of your letter of July 10 in regard to your placing on record your desires for an option on the territory now embraced by the Reading plant in the event that any changes should occur at that point.

The writer understand perfectly the situation and as he has previously advised you verbally if there is a change at any time in the status of the licenseeship for that territory

you will be given the first opportunity to obtain it.

It pleases me very much to learn that you and Mr. Engelhardt are getting together to attempt to solve some of the differences which may arise between your promotional activity and his plant. This is the correct spirit of cooperation. I know both of you are reasonable and sensible men and I have no doubt but what you will reach an agreement as to the procedure.

Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Berg-mann.

EHB/ba

[fol. 635E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 291

SEALY COMPANY OF THE SOUTHEAST
Sleeping on a Sealy is like Sleeping on a Cloud
1047 Florida Street—Memphis 2, Tennessee
Telephone 35-11631

April 10, 1952.

Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

## Dear Roger:

This is in reference to your letter of April 1 to Mr. Louis concerning changes in our Kentucky territory during the past several months.

Roger, quite frankly you have us puzzled here, because so far as we know there has been no change for a year or more now, and to the best of our knowledge we have not given up Todd and McLean counties, nor any of the other counties in the immediate proximity. So that you may know just what our records here show on our territory, I am outlining below the Easternmost counties in Kentucky which we serve, beginning at the Ohio river and moving Southward:

Henderson McLean Muhlenberg Todd

As you will note on a map, all of the above are more or less in a straight line Southward from the Ohio and we service them all. Anything East of these four belongs to Louisville. There was some discussion between Mr. Berg-

mann and Mr. Louis a few months ago about our relinquishing a few counties to Louisville, but at that time Mr. Louis told him a definite "No," and so far as I know no changes have been effected.

Hope this gives you the information you require, but if

we can be of any further help please advise me.

Sincerely, Sealy Company of the S. E., Linda Ballard.

LB/s

## [fol. 636E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 295

July 15, 1952.

Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

Attention: Mr. Sidney Sutherland

Dear Sidney:

We will adjust your television account in line with your letter of July 11th. We are right now in the process of closing our books for our fiscal year, but will attend to this matter prior to the first of August.

I think Mr. Bergmann will probably issue a bulletin on the dates of the meeting to be held in New York City in September. I am not certain as to the exact dates or to the

location where the meeting will be held.

I wish you would check over your North Carolina territory and let me know what counties you are active in. There is a possibility that we will make a change in our representation in North Carolina and will have a plant at Lexington, North Carolina. Some of the counties around Greenville, North Carolina and south of that town would be better served from that point, and I will appreciate it if you will check this matter over and let me know what counties in that state are not of particular interest to you. It seems to me that the counties that fall within your natural service area would only include Warren, Halifan, Northampton, Bertie, Hertford, Gates, Chowan, Perquimans, Pasquotank, Camden, and Currituck.

I will appreciate it if you will go over the above matter and let me know of what accounts you have in the counties

outside of those listed above.

[fol. 637E] Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:ht

## [fol. 638E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 296

#### SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia Telephone 52845 8 South Harvie Street

July 17, 1952.

Earl—Return to me and we can discuss later. I am surprised we haven't heard from Peerless as Moffitt told Harry Forbes he was going ahead with the proposition

Roger.

Mr.J. R. Lawrence Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois

## Dear Roger:

I received your communication of July 15th which is in reply to my recent letter concerning the Television Account. Whenever you can adjust this I would appreciate your doing so..

I will be very much interested in receiving the actual dates of the New York Meetings if and when Earl issues a bulletin. However, he may not issue a general bulletin to the Licensees. If he does not issue a general bulletin to the licensees I would appreciate your advising me whenever you find out the exact time and location.

I note your remarks concerning the probability of change in plant ownership in North Carolina. I would like very much to see an arrangement worked out with the party in question as I think they are good live wide awake concern and will be beneficial to Sealy.

I have gone over the North Carolina territory which is served by me in my new contract and I find that in most of the counties which you name that you think namely should be served from Richmond such as Warren, Halifax, Northampton, Bertie, Hertford, Gates, Chowan, Perquimans, Pasquotank, Camden and Currituck. Wish to state that in all of these counties there are only three towns of any importance; Elizabeth City, Roanoke Rapids and Henderson. In the other eleven counties in North Carolina which are in my regular territory according to the new contract are my best towns, such as Rocky Mount in Nash County; Tarboro in Edgecombe County; Greenville in Pitt County; Plymouth in Washington County; Washington in Beaufort County and Williamston in Martin County.

[fol. 639E] We are selling accounts in all of these towns and it is our intentions to intensify our efforts in this area maybe by putting on a regular route delivery truck.

We are also in the midst of trying to make arrangements in Richmond to develope our plant to a one story affair and if I get the proposed plant I will need all of my present territory to keep me busy.

You know that my thoughts are sincere in helping Sealy but I do not feel that I can relinquish any of my present territory especially if I get the new proposed plant.

If you will refer to Sealy's list of the potential sales schedule of the United States you will find that Richmond is the second to the lowest on the list having 1.3659 percentage. In view of these circumstances I do not see how I can relinquish any additional territory in Carolina.

The only possible change which I feel I can be justified in making would be to turn over two or three of the counties in the extreme southern part of Carolina such as Pamlico and perhaps Beaufort and Pitt but in order to relinquish this territory I feel that I should make a deal with Sealy and Joe Rudick in the northern part of Virginia and that the counties of Prince William and Fauquier should be included in the Richmond territory. In reference to the two Richmond area counties in the Eastern Shore known as Northampton and Accomac I am still willing to concede these to the Baltimore territory.

If I relinquish the two Eastern Shore Counties in Virginia to Baltimore and receive the two counties in Northern

Virginia from Baltimore and relinquish the three counties named in extreme south eastern North Carolina to Lexington my percentage of potential sales in the United States would be cut considerably. I would then be somewhere in the neighborhood of 1.2500 which would throw Richmond into the smallest potential purchasing power of the whole outfit. However to enhance the prospects of Sealy I am willing to consider the above.

With kindest regards and best wishes, we remain

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

# [fol. 640E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 297

### PEERLESS MATTRESS COMPANY INCORPORATED

Lexington, North Carolina "Peerless" Quality Bedding Phone 572

August 4, 1952.

Sealy Inc. 666 North Lakeshore Drive Chicago, Illinois

Attention Mr. J. R. Lawrence

#### Dear Mr. Lawrence:

We are sorry that we have been delayed in giving you an answer on the Sealy franchise for North and South Carolina.

We are prepared to take the franchise and to sign your three year contract, effective October 1, 1952, provided the following reservations on our part are acceptable to you and to your board of directors.

(1) We are not agreeable to the payment of any royalty at any time on our own private merchandise. Instead we will guarantee you royalty on minimum Sealy sales of \$200,000.00 during the second year of the contract and on minimum Sealy sales of \$300,000.00 during the third year of the contract.

(2) We would have to be assured of a more reasonable adlocation of territory in Eastern North Carolina. Specifically, we would want the following as a minimum, from the territory now allocated to Richmond:

.0328 Pitt County—in which our warehouse is located

.0186 Beaufort County .0018 Hyde County .0048 Washington County .0126 Martin County
.0126 Martin County
.0272 Edgecomb County
.0298 Nash County
.0165 Vance County—in which one of our salesmen lives
.0080 Warren County
.0010 Dare County
.1558 [Check Richmond letter]

(3) We would have to know what you mean by the "annual royalty" mentioned in Section V, paragraph 1 (f) of the sample contract in our possession.

[fol. 641E] We enclose a map of North Carolina and South Carolina, on which we have marked off the territories allocated at present to Bluefield and Richmond. We presently maintain full time warehouses in Charlotte, High Point, Greenville, North Carolina, and in Columbia, South Carolina. We think that we are in position to establish a warehouse arrangement quickly in Asheville, North Carolina. The Charlotte warehouse manager sells our bedding products and Armstrong floor covering in Charlotte, only. The High Point warehouse manager sells our bedding products and Armstrong floor covering in High Point only. We employ three additional full time salesmen for the sale of our bedding products only.

Under the arrangement as we contemplate it, we would add one additional bedding salesman in North Carolina, reducing the territory of the three salesmen above mentioned, setting up a new territory bounded on the east by Highway 220 and on the west by Highway 21, including the towns thereon. The salesman whom we hire for this territory will be authorized to sell Sealy merchandise and Peerless bedding items only and will have his greatest opportunity in the principal cities, Charlotte, Concord, Winston-Salem,

High Point and Greensboro.

The point is that we have entirely dropped the idea of employing separate salesmen on the Sealy product.

Nevertheless we expect to continue doing a substanial business on our own product in medium price ranges. We

are currently doing between \$600/700,000.00 a year on our mattresses and box springs. The high percentage of these sales are on private merchandise against which Sealy issues specifications. It is obvious, therefore, under the contract as it is now written, the Sealy franchise might cost us, not 3%, but nearer 6% of the total value of Sealy products manufactured. This we cannot agree to.

Likewise, in South Carolina, the salesman will have the privilege of selling both Peerless and Sealy bedding items. We contemplate the addition of another salesman to the South Carolina territory at the earliest practicable moment. There is a possibility that Mr. Graham Armstrong may take over the South Carolina sales job.

[fol. 642E] We have three garnetts, two filling machines, three tape edge machines, one box spring press, one button tufting machine, one cotton tufting machine, three roll edge machines, one quilting machine, six Singer 300 W101 sewing machines.

In Lexington we have 33,964 square feet of space, including 9,299 square feet for manufacturing, 1,380 square feet for packing, 4,860 square feet for finished goods storage and 18,425 square feet for raw material and jobbing items (metal beds, metal springs, rollaway beds etc) storage.

We would not be able to manufacture the Sealy line of upholstered furniture in our present plant. Our employees are not qualified to manufacture upholstered furniture. We plan to rent a separate building in Lexington, setting up a separate organization for this job. We would necessarily have to go slowly into the manufacturing of upholstered furniture.

In Charlotte we have approximately 10,000 square feet of floor space of which approximately 2,000 square feet is available for finished mattress and box spring storage.

The same applies to High Point.

In Greenville, North Carolina, we have 4,800 square feet of floor space, all available for storage of bedding items and associated bedding jobbing lines.

In Columbia we have 4,000 square feet of space, all available as above, for bedding items. We presently employ 35

in the Lexington plant. We are not unionized. We pay prac-

tically all jobs on a piece rate basis.

We attach the copy of our statement as of December 31, 1951. As explained to you, we are presently doing slightly in excess of \$2,000,000 per year of which the Armstrong Cork Company's line of floor coverings, destributed from High Point and Charlotte only, accounts for slightly over \$1,000,000.

The names of our officers are as follows:

Mrs. J. V. Moffitt, Sr.—President Earle E. Riddle—Vice-President J. V. Moffitt, Jr.—Secretary-Treasurer

[fol. 643E] The names of our stockholders and their holdings are as follows:

Mrs. J. V. Moffitt, Sr.			- 877 shares
J. V. Moffitt, Jr.	•	*	— 803 shares
Mrs. J. C. Leonard, Jr.	(sister)		— 382 shares
Mrs. F. P. Goodson, Jr.	(sister)		— 376 shares
Earle E. Riddle			- 62 shares
			$2500 \mathrm{\ shares}$

We trust that we have given you all of the information that you need. We will be glad to hear from you.

Yours very truly, Peerless Mattress Company, J. V. Moffitt, Jr.

jvm jr/jl

## [fol. 644E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 298

To: Mr. J. R. Lawrence

August 8, 1952. Dict. 8/7/52.

#### Dear Roger:

I, of course, do not know too much about the territory that Peerless is trying to get in North Carolina. As I stated before, I am not in the mood to attempt to milk any more away from Sidney and unless this is something that is of no importance whatsoever to Sidney in the way of territory, I am afraid that we are not going to be able to do too much about it.

As to the condition of not paying royalty on his regular items and his guarantee for a specific volume, I would be inclined to give a good bit of thought. I think what you should do is to prepare, Monday or Tuesday, a schedule based on potential buying power of the territory and see

how it stacks up with our goal.

[I think that we might not be too far wrong in going along with him on this basis but, of course, he should thoroughly understand that it would be an exception and time would have to clear it up and that, very definitely, we would not issue a permanent contract to him on any basis which would be contrary to what the other 27 plants are working on.] In other words, I believe that we might be able to compromise with him on the basis that he would come in on a gradual absorption of his private brand goods, say over a period of eight years rather than three, but, very definitely, when it got to the eighth year it would have to be all Sealy. This is a thought that I came upon while on the plane last night and is one that I think has some merit and which I would like to discuss with the committee next week. I would need, though, the information as to the potential sales volume based upon our sales management figures.

Regards, E. H. Bergmann.

EHB:ht

# [fol. 645E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 299

August 18, 1952.

Peerless Mattress Co., Inc. Lexington, North Carolina

Attention: Mr. J. V. Moffitt, Jr.

Dear Mr. Moffitt:

I will try to answer as specifically as I can the items raised in your letter of August 4th in regard to the possibility of your company acquiring a Sealy franchise in the North Carolina and South Carolina area.

Our contracts are written for a period of three years. Upon the end of the three years, and upon the satisfactory performance of the company holding the franchise, a five year renewal contract is then offered. Upon completion of the five year period, and upon the satisfactory performance of the company holding the franchise, the contract then becomes perpetual as long as the performance of the franchise holder is acceptable to the Sealy board of directors. It would take a two-thirds vote of the full board of directors to terminate a franchise after the eight year period has passed. We feel that this arrangement gives full protection to the franchise holder and, also, gives a protection to Sealy, Incorporated that we feel they should have.

At a meeting of the Executive Committee of Sealy, Incorporated last week, the Committee expressed themself as not being in favor of writing any contract that would not provide for the regular basis of royalty payment when the contract goes into its perpetual period. We do not have any contracts out other than the same basis as the sample contract you have in your office. All of our members are paying us 3% on bedding sales, whether they be Sealy or private brand, except that they are paying 1% on low-end goods; namely, cheap cotton platers and blown beds. They do not pay any royalty on items that they job unless this item carries the Sealy label.

The Committee expressed themself in favor of making a

special arrangement with your firm similar to the basis I discussed with you, but ever a longer period of time. They feel that your contract should call for a 3% on Sealy sales [fol. 646E] at all times, but on the first year there would be no payments on your private brand sales. On the second year of your contract, they would expect one-half of 1% on your private brand goods and that this would increase to 1% during the third year. They propose that the payment of the private brand sales be increased one-half of 1% each year until such time as you reach the regular basis. This basis would be reached during your seventh year with the Sealy franchise.

I believe you will find that you will not be paying a penalty on your private brand sales as each year you will be selling more merchandise under the Sealy brand. Any royalty that you may pay will be offset by the increased gross profit that you can obtain by selling branded mer-

chandise.

At this writing we cannot propose additional territory for you other than that outlined on my recent visit. There is a possibility that we can include the counties of Pitt, Beaufort, and Palmico in the State of North Carolina. The other counties that you mentioned are in the Richmond contract and Mr. Sutherland does not wish to surrender additional counties and we do not feel that we should disturb our contractual relationships by insisting that this small additional territory be taken from him. I think you will agree that our action in the matter is not unreasonable.

The area you will have under franchise should produce potential Sealy sales close to \$1,000,000 per year. In order to attain this figure you would have to go into the manufacture of some upholstered pieces that are selling well in your area.

The annual royalty mentioned in Section V of the contract is the annual minimum royalty expected from the franchise holder. Our present franchise holder is paying us royalties on about \$250,000. of sales per year, and we would expect to receive a minimum royalty of \$7,500. a year after you have had a chance to organize your production and selling. I do not think it is unreasonable to expect that this amount should be effective during the third year of the contract. We would require no minimum during the first year

of your operations, and a minimum of \$5,000. for the

second year of your operations.

[fol. 647E] Everything seems to indicate that this is an opportune time for your company to become associated with the Sealy group. I think you realize what the group operations can bring to you in the way of added sales and profits. While the territory we have open does not include every county that you desire, it does cover the major portion of the territory that you would normally serve. The royalty set-up is not a difficult one as it will work out much quicker than you anticipate, and returns that you will receive from the franchise will more than compensate you for the royalty requested on your private brand sales.

I trust that you will consider the matters outlined in this letter closely and that you will decide to take the franchise effective October 1, 1952. If we are to enter into a contract with your company, we would like to have your decision reasonably prompt so that we may notify our present associate so that he can make his plans. The rumors of our association with your company have caused him much concern. We have told him frankly that we have been negotiating with your company, but in all fairness we must come to

a decision one way or the other.

I know this is a vital decision to make on your part, but I think the integrity and reputation of those firms that are associated in our group would enable you to make a favorable decision for both of us without any misgivings on your part.

Hoping to hear from you soon and with personal

regards, we are,

Yours sincerely, Sealy, Incorporated, J. R. Law-rence.

JRL:ht

[fol. 648E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 300

#### PEERLESS MATTRESS COMPANY INCORPORATED

Lexington, North Carolina "Peerless" Quality Bedding Phone 572

November 11, 1952.

Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

#### Dear Mr. Lawrence:

Mrs. J. V. Moffitt, Sr. who is President of this company will be back in Lexington on Saturday morning of this week. If you will make the following corrections to the contract and have it back in our hands at that time, we will get it signed and the writer will either return it to you immediately or will bring it when he comes to Chicago next week.

- 1. Please make the contract for Peerless Mattress Company, Inc. instead of for Peerless Manufacturing Company.
- 2. On page 3 please show the territory as follows:
  - a. All of South Carolina and all of North Carolina except the following:

# Allocated to Sealy plant in Richmond

Bertie County
Camden County
Currituck County
Dare County
Edgecomb County
Gates County
Halifax County
Hertford County
Hyde County

Martin County
Nash County
Northampton County
Pasquotank County
Perquimans County
Tyrrell County
Vance County
Warren County
Washington County

Allocated to Sealy in Bluefield, W. Va.

Alexander County
Alleghany County
Ashe County
Avery County
Stokes County
Watauga County
Yadkin County

Burke County
Caldwell County
Catawba County
Rockingham County
Surry County
Wilkes County

[Giving us Pitt, Beaufort, Pamlico Counties, per your letter 8/18 page 2. Our Whie is in Pitt County.]

- b. It is further understood that licensee may sell Sealy merchandise in the state of Georgia until such time as a separate licensee for that state is secured.
- 3. On page 10, please cross out that line indicating that the expense of the engineering service on the yearly visit will be paid for by licensee. It is our understanding that this one visit is a free visit.
- [fol. 649E] 4. On page 13 and 13A please indicate that there is to be no royalty on blown cotton mattresses or pads from blown material. Please also indicate that Peerless Mattress Company will pay no royalty on plated and felt mattresses, Rollaway Springfilled mattresses, of its own manufacture, until 2½% royalty applies to its other products. Then the royalty will be ½% the first year, 1% the next year.

We assume that all of the above is agreeable to you. This is in line with our last conversation of Wednesday and Thursday, August 27/28.

Yours very truly, Peerless Mattress Company, J. V. Moffitt, Jr.

# [fol. 650E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 300-A

November 13, 1952:

Air Mail Special Delivery

Peerless Mattress Company, Inc. Lexington, North Carolina

Attention: Mr. J. V. Moffitt, Jr.

#### Dear Joe:

I am sending you this letter by air mail special delivery along with the contract. We have changed the style of the company from Peerless Manufacturing Company to your correct corporate name. Also, we have listed the territory that we can allocate to you at this time.

You have requested some additional insertions in your contract that we cannot insert, and I will give you the reasons on each specific item.

In my letter to you of August 18th, 1952 in the third paragraph on Page 2 I stated that we could not propose additional territory to you other than that outlined on my visit to Lexington. I did state that there was a possibility that we could include the counties of Pitt, Beaufort, and Palmico in the state of North Carolina. These counties are in the Richmond contract, and I am quoting below a copy of the letter we have received from Richmond in response to our negotiations with Mr. Sutherland regarding the release of these counties.

"I have gone over the North Carolina territory which is served by me in my new contract and I find that in most of the counties which you name that you think namely should be served from Richmond such as Warren, Halifax, Northampton, Bertie, Hertford, Gates, Chowan, Perquimans, Pasquotank, Camden and Currituck. Wish to state that in all of these counties there are only three towns of any importance; Elizabeth City, Roanoke Rapids and Henderson.

In the other eleven counties in North Carolina which are in

my regular territory according to the new contract are my best towns such as Rocky Mount in Nash County; Tarboro in Edgecombe County; Greenville in Pitt County; Plymouth in Washington County; Washington in Beaufort County and Williamston in Martin County.

[fol. 651E] "We are selling accounts in all of these towns and it is our intentions to instensify our efforts in this area

maybe by putting on a regular route delivery truck.

"We are also in the midst of trying to make arrangements in Richmond to develop our plant to a one story affair and if I get the proposed plant I will need all of my present territory to keep me busy.

"You know that my thoughts are sincere in helping Sealy but I do not feel that I can relinquish any of my present

territory especially if I get the new proposed plant.

"If you will refer to Sealy's list of the potential sales schedule of the United States you will find that Richmond is the second to the lowest on the list having 1.3659 percentage. In view of these circumstances I do not see how I can relinquish any additional territory to Carolina.

"The only possible change which I feel I can be justified in making would be to turn over two or three of the counties in the extreme southern part of Carolina such as Palmico and perhaps Beaufort and Pitt but in order to relinquish this territory I feel that I should make a deal with Sealy and Joe Rudick in the northern part of Virginia and that the counties of Prince William and Fauquier should be included in the Richmond territory. In reference to the two Richmond area counties in the Eastern Shore known as Northampton and Accomac I am still willing to concede these to the Baltimore territory.

"If I relinquish the two Eastern Shore Counties in Virginia to Baltimore and receive the two counties in Northern Virginia from Baltimore and relinquish the three counties named in extreme south eastern North Carolina to Lexington then my percentage of potential sales in the United States would be cut considerably. I would then be somewhere in the neighborhood of 1.2500 which would throw Richmond into the smallest potential purchasing power of the whole outfit. However to enhance the prospects of Sealy I am willing to consider the above."

From the above letter you can see that Mr. Sutherland would only relinquish the counties of Pitt, Beaufort, and Palmico if we are to make a swap in the Baltimore contract as he outlined. As of this writing, we have not as yet been successful in negotiating this change, although I still think there is a possibility of doing this-perhaps at the coming November convention. If we can make the swap then the three counties will be added to your contract. We could, if [fol. 652E] we wished, take an arbitrary stand with both Richmond and Baltimore in regard to the territory, butthat is not our method of operation. We will not disturb a contract in regard to territory unless it is a mutual agreement brought about by negotiations with the contract holder. I don't think there is any question as to the correctness of this procedure even though some territory requirements are of vital interest to the licensees.

We are agreeable to have the Peerless Mattress Company sell Sealy merchandise in the state of Georgia until such time as a separate license for this state is secured.

The reason that Paragraph IV;6 as outlined on Page 9 and 10 is in our contract is for the reason that we must maintain a Sealy engineer for service to our licensees. In order to keep a well qualified engineer in our employ we must pay him a salary that would be burdensome to the corporation unless part of his services would be utilized by the plants. Theoretically, if 26 plants will agree to use his services for one week, then this corporation would have the burden of carrying his salary for the other half of the year on services that are performed free of charge to the licensees.

Actually, we have never exercised the right contained in this paragraph, as our present arrangement with Mr. Guckert utilizes his services only six months out of a year. So far there has been no necessity for us to demand that, a plant use his services unless they actually need and want them. We cannot change our contract inasmuch as we do not know how long our arrangement with Mr. Guckert will project into the future.

I told you that the first visit of Mr. Guckert to your plant would be made free of charge. This statement still holds true and covers the first visit that Mr. Guckert will pay to

your plant, whether it be for a week or two weeks. We do not count the one or two days that he has been there or will be there until you are actually in corporation on Sealy merchandise. After that visit, should you want Mr. Guckert at your plant for other than regular inspection visits, then we

would expect to be paid for his services.

In regard to the royalty to be paid as outlined on Page 13 and 13A we have not indicated the 1% royalty arrangement inasmuch as this is by action of the board of directors and is applicable to all contracts in force. At the time of making their action the board did not wish to make a change in the contracts, but this policy will remain in effect unless [fol. 653E] changed by action of the board of directors. It is not our intention to collect any royalty on Blown Cotton mattresses or pads from blown material sold under your private brand.

In regard to the royalty to be paid on plated and felt mattresses, Rollaway Springfilled mattresses, and so forth under your own brand, you may use this letter as our agreement that no royalty will be paid on these items until the 2-1/2% royalty applies to other products. At that time, it is agreeable that royalty on these items will be one-half of 1% the first year, and 1% the next year. This agreement is binding with our company even though it is not in the contract.

The contract is not all comprehensive as it would take many more pages to list all of the operating relationships between this office and our licensees. The contract is long enough as it is, and the other matters are in effect by action of the board of directors, which is comprised of men holding the same type of license that you will hold. The present agreement of a 40% advertising allowance based on 50% of the moneys you spend on Sealy in your area is not in the contract, but it is a policy that has been approved by the board and is an operating function of our business. This 40% figure may be increased or decreased by board action in the future, but the 40% figure has been in effect since before 1940.

Joe, I know that a sharp attorney will tell you that all agreements should be down in writing, but by the same token a sharp attorney would probably not approve of the type of contract you are asked to sign. You are dealing with an honorable company and with honorable people that comprise the board. Their contracts and their businesses are essentially no different from yours, and they will not take any action or do anything that would be detrimental to the general welfare of the group operation. A contract is only good as the parties behind the contract, and I think you will agree that we have some mighty fine people in our organization.

I hope that you and your father will approve the contract as written and that you will bring it with you to the meeting. If there are any questions that are not answered please

give me or Mr. Bergmann a call in Chicago next week.

Regards. Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:ht

### [fol. 654E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 301

### PEERLESS MATTRESS COMPANY INCORPORATED

Lexington, North Carolina "Peerless" Quality Bedding Phone 572

November 25, 1952.

Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

Attention Mr. J. R. Lawrence

### Dear Roger:

I was in a hurry to catch the plane to New York, and therefore, simply left the contract with Mr. Bergmann. I am exceedingly sorry that I did not get to tell you good bye but you were at that time engaged in distributing checks to the various Sealy licensees, and I am sure that neither you nor they wished to be disturbed in that endeavor.

We are of course considerably dissappointed that, unless you can make arrangements with the other Virginia licensee, Richmond will not be willing to give up Pitt, Beaufort, and Palmico counties. Of course Palmico county means nothing. However, Beaufort county does have some of our very best customers, purely and simply because the fact that we maintain our warehouse in Greenville in Pitt county. We can tell you that we did \$200,000 business at the Greenville, North Carolina warehouse, on bedding items only, during the past year. Therefore, we think that we probably can do a much better job for Sealy, Incorporated in Pitt county and in neighboring Beaufort county, than can a Richmond factory.

Therefore, we would like for you to continue in your efforts to work out a mutually satisfactory exchange of territory.

In connection with the above, we are not at all certain that we definitely wish to do this, but it has occurred to us that we might consider transferring Wilson county, which contains the relatively large city of Wilson, to Richmond in exchange for Pitt, Beaufort, and Palmico counties. You might bear this in mind but please remember that we are simply toying with the idea of that exchange and we are not at all certain that we wish to definitely offer it; as a matter of fact we do very little business in Wilson, for one reason or another, and that might be a perfect town in which we could really concentrate on Sealy items, without hurting the present Peerless sales at all.

With kind personal regards,

Yours very truly, Joe V. Moffitt Jr.

### [fol. 655E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 302

December 24, 1952.

Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

Attention: Mr. Sidney Sutherland

Dear Sidney:

Our friend Joe Moffitt of the Peerless Mattress Company, Lexington, North Carolina is rather unhappy that we were not willing to give him the counties of Pitt and Beaufort in North Carolina. As you probably know, he operates a warehouse in Greenville in Pitt County, and last year did about \$200,000.00 in bedding business out of that warehouse alone. He feels that he could do a real job for Sealy in and around Greenville, North Carolina, and I believe he could.

I am wondering if the County of Wilson would mean more to you than the County of Pitt. The city of Wilson is about the same distance from Richmond as Greenville, and may have some interest to you. I think Joe would like to swap you Wilson County for Pitt County on account of his warehouse.

When you will be in High Point next January, possibly, some of this territory discussion will come up, and if you think there is anything you can do on it let me know.

Personal regards.

Yours very truly, Sealy, Incorporated, J. R. Law-rence.

JRL:ht

## [fol. 656E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 303

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia
Telephone 52845
8 South Harvie Street

December 29, 1952.

Mr. J. R. Lawrence Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois

## Dear Roger:

I have your communication of December 24th in which you refer to the situation of Joe Moffitt in reference to Carolina territory particularly the counties of Pitt and Beaufort.

Before going into this matter in detail I want to say to you (a copy of this letter is also being sent to Earl) that I think that you have always found me quite cooperative in trying to be helpful to anything pertaining to Sealy, Incorporated. In the old days of John Brodie, Earl may recall that I relinquished a lot of territory in the western part of Virginia including the major city of Roanoke to assist in carving out a satisfactory territory for Jack Metcalfe. Again recently I relinquished two counties in Northern Virginia to Joe Rudick in Baltimore when I had a specific letter from you stating that the account of the Manassas Furniture Company belonged to Richmond. I interpreted this letter as meaning that it was a permanent part of Richmond's territory. However, rather than have any upset or discretion in the matter with Joe Rudick and Sealy I relinquished my rights in this area. So, I think you must agree with me that I have at all times been very cooperative towards Sealy.

If you will refer to your report of June 1, 1952 showing the percentage of United States of America potentialities you will find that Richmond has only 1.3659 percentage of United States of America potentialities which is the next to the smallest area in the entire United States. Only one location being listed smaller than Richmond and that is Charlotte, North Carolina with potentiality of 1.2492. I believe that with the North Carolina open territory which shows on this same list as .7751 will be added to Charlotte making Charlotte a little over 2.0000. Therefore, with this change [fol. 657E] effected Richmond will be in last position in reference to potentialities of the United States of America.

I can see Mr. Moffitts position and recognize his situation and I also see the position of Sealy, Incorporated in the matter of Greenville, North Carolina which is in Pitt County and at which point the Peerless Mattress Company maintains a warehouse. I further agree with you that under these circumstances the Peerless Mattress Company can do and probably will do a better selling job for Sealy, Incorporated in this county than we can do from Richmond. So, I am again willing to make some concession to the Peerless Mattress Company and Sealy, Incorporated on a basis of swapping equal territory as I feel that Richmond's area is small enough and should not be lessened to any extent.

In view of all of the above circumstances I am willing to concede the following counties to the Peerless Mattress Company as permanent territory of the Peerless Mattress Company, Lexington, North Carolina for a swap of the following counties in North Carolina which will become a per-

manent part of the Richmond territory.

The counties of Pitt, Beaufort, Hyde, Dare, Tyrell will be swapped to Peerless Mattress Company for the counties of Wilson, Franklin and Granville. These last three counties to become a permanent part of the Richmond territory.

I think if you will look at the map you will find that both Granville County and Franklin County are nearer to Richmond than they are to Lexington, North Carolina.

If Mr. Moffitt is not willing to trade counties on the basis outlined above I will make another concession to Sealy, Incorporated providing Sealy, Incorporated will make a concession to me from the Baltimore area. Again, I will con-

cede to the Peerless Mattress Company, Lexington, North Carolina the counties of Pitt, Beaufort, Hyde, Dare and Tyrell for two counties in Northern Virginia, Prince William County and Fauquier County. I believe that if the matter is properly approached and put up to Joe Rudick in the proper manner that Joe may be willing to concede these two counties to Richmond for the sake of harmony in Sealy, Inc. and if it will help the situation with Joe Rudick in any way in addition to all the above I am willing to concede to Baltimore the two Eastern Shore Virginia counties of Accomack and Northampton. I feel that this is quite liberal on the part of myself in Richmond and I assure you that anything that Sealy works out on the above mentioned basis with Joe Moffitt of Lexington and/or Joe Rudick of Baltimore that you have my assurance that the deal can be [fol. 658E] consumated.

In the meantime Best of Luck.

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

ce: Mr. E. H. Bergmann Cleveland, Ohio

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# [fol. 659E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 304

Dict. 1/21/53. January 23, 1953.

Mr. Joseph Rudick Sealy Mattress Company 617 West Pratt Street Baltimore 1, Maryland

Dear Joe:

I had a long discussion with Mr. Moffitt of the new Lexington plant, and, incidentally, this is going to be one of the outstanding plants in the Sealy group, and Mr. Sidney Sutherland relative to a compatible arrangement of territory so as to best fit into the geographic requirements of our plants and the logical completion of a harmonious national grouping.

I am writing this letter to you here so that it will arrive sometime before I get back to Cleveland when I will call you specifically regarding the two counties of which I shall

speak to you about now.

In order for me to work out an arrangement satisfactory to our new people in Lexington, it is going to be necessary for me to extract about five more counties from Sidney Sutherland. In return for these five counties, I will have to ask you to give to Sidney the two counties that we have had some correspondence about before, the names of which have slipped my mind at the moment, but I do remember that they do include the town of Manassa. I know that this name will ring familiarly to you.

[fol. 660E] Yours very truly, Sealy, Incorporated, E. H. Bergmann,

EHB:hlt

[fol. 661E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 305

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Baltimore 1, Maryland Phone Mulberry 3972-3973 617-619 West Pratt Street

> Franklin .042 Chambersburg Fulton .003 Reading Adams .022 Gettysburg

Baltimore 2.63 —.02 Richmond 1.36

January 26, 1953

Mr. Earl H. Bergmann Sealy, Inc. 2012 W. 25th Street Cleveland 13, Ohio

### Dear Earl:

I am in receipt of yours of the 23rd relative to your problem with Lexington, N. C. and Richmond, Va.

I do not know why you had to take away five counties from Sidney Sutherland, but I certainly don't want to give up any of my small territory unless you want to add something else to replace it. You know as well as I do that our small towns are very few and we need them. We are making a real effort to build up this business and in fact I am now looking for a fourth salesman just to cover small towns because my present men do not get around often enough.

The two counties you have reference to in Virginia are Fauquier and Prince William. We are now doing business in that territroy.

The only way I would want to give up these two counties would be to get something else in return as you know we

have all of Delaware except one county, "New Castle" and all of Maryland except two counties "Alleghany" and "Garrett". These three counties would round out my territory and I would like them to replace these two counties to Richmond.

If you cannot or will not do this, then give me some additional territory from South Eastern Pennsylvania (supposedly covered by Reading but they are doing nothing there). Earl, please understand that we are expanding, not shrinking, so if you must do something, do something to [fol. 662E] help me and not to harm me. I will be waiting to hear from you.

Kindest regards.

Sincerely yours, Sealy Mattress Co., Joseph Rudick.

JR:mp

# [fol. 663E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 306

Dict. 2/7/58. February 9, 1953.

Mr. J. V. Moffitt, Jr. Scaly of the Carolinas' Lexington, North Carolina

#### Dear Mr. Moffitt:

You are in receipt of copies of one or two letters which will indicate to you that the way has been cleared for the rounding out of the territory around Greenville in accordance with the general understanding between you, Mr. Sutherland, and the writer.

Mr. Rudick was very cooperative in making it possible to somewhat compensate Mr. Sutherland for his generosity and I'm sure that all three plants will profit by this conge-

nial approach to a logical problem.

As I have indicated to Mr. Sutherland, I hope that you and he can quickly get together, either by phone or in person, and decide exactly on which counties you are going to switch back and forth, advise me, so that final transfers may be made.

a I await advice from you gentlemen to the finalizing of

this matter.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:htt

ce: Sidney Sutherland.

# [fol. 664E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 307

Dict. 2/7/53. February 9, 1953.

Mr. Sidney Sutherland Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

## Dear Sidney:

I am enclosing herewith a copy of a letter written to Mr. Joe Rudick of the Baltimore plant advising him of the confirmation of his agreement and willingness to the relinquishment of the two counties of Fauquier and Prince William in Virginia to become a part of your permanent contract.

A copy of that letter also was sent to the attention of Mr. J. V. Moffitt of Lexington, North Carolina and this letter to you, and the copy of the letter to Joe would indicate that all is now cleared for you and Mr. Moffitt to get together and personally agree upon the realinement of the contiguous territories.

Just as soon as you two gentlemen agree on the exact realinement of the bordering counties and you advise me officially of your agreement, the final transfers will be made, acknowledgment of the transfers will be given to you in letter form, and those letters will become a part of all of the territories under discussion.

I hope that you and Mr. Moffitt can immediately get together and come to an agreement as to the counties to be realined.

Yours very truly, Sealy, Incorporated, E. H. Berg-mann.

EHB:hlt

ee: J. V. Moffitt, Jr.

# [fol. 665E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 308

Dict. 2/7/53. February 9, 1953.

Mr. Joseph Rudick Sealy Mattress Company 617 West Pratt Street Baltimore 1, Maryland

#### Dear Joe:

The letter just before this one that I dictated was a general letter indicating my appreciation of your cooperation and advising the licensees in Richmond and Lexington of the availability of the counties of Fauquier and Prince William to Richmond. That will make it possible for those two licensees now to get together and round out the territory necessary to set up a trading area around Greensville, North Carolina for the new Lexington people.

Copies of the first letter were sent to the other two

people but no copies of this letter will be sent to them.

This letter is to confirm to you the agreement on the part of Sealy, Inc. to transfer to your permanent contract the counties of Franklin and Fulton in Pennsylvania. The Franklin County includes the city of Chambersburg. Actually, Joe, I think that you are much better off with Franklin County than the two that you gave up. Incidentally, the Franklin County has a buying power of .042 as compared to the combined .02 for the two counties mentioned.

I have already started my further negotiations with Reading in regard to Adams County, and I will try to get that for you also.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

## [fol. 666E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 308-A

Dict. 2/7/53. February 9, 1953.

Mr. Joseph Rudick Sealy Mattress Company 617 West Pratt Street Baltimore 1, Maryland

#### Dear Joe:

This letter is to confirm to you the conversation that we had today relative to the relinquishment by you of the counties of Fauquier and Prince William in Virginia to be transferred to the exclusive territory of the Richmond plant.

This fine cooperation on your part makes it possible for Sealy, Incorporated to adjust and equalize the allocation of exclusive territory between the Richmond, Virginia licensee and our new people at Lexington, North Carolina.

The writer wants to personally thank you for your fine cooperation and I am quite sure that our other people will also be appreciative of your cooperation because it will make possible a logical realinement of the territories which can only spell better representation on a national basis. Likewise, it will tend to give us the strongest possible front in our common problem of selling Sealy merchandise in normal trading areas.

Just as soon as we have concluded the entire realinement, we will advise you officially and attach the official advisement to the respective contracts.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

cc: Sidney Sutherland,

J. V. Moffitt, Jr.

# [fol. 667E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 309

Dict. 2/7/53. February 9, 1953.

Mr. T. C. Engelhardt Sealy Mattress Company 107 Chestnut Street Reading, Pennsylvania

#### Dear Ted:

I have just returned from a meeting with our new people in Lexington, North Carolina and I find that it is necessary to juggle around some of the territories in order to fill in the more or less established selling range of the new Lexington licensee.

I find that we are going to have to extract about three counties from the Richmond territory in order to round out Lexington. It is going to be necessary to take about two counties from Baltimore and give them to Richmond to balance up with him.

I have been looking at the territory of Harrisburg and I am wondering whether you would be agreeable to my request of relinquishing Adams County so that I could give this to Baltimore as a partial reward for two rather good counties that I have asked him to give to the common cause.

I'd appreciate having you drop me a line, Ted, as to whether or not you would be willing to help me out in this matter.

· Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Berg-

EHB:hlt

# [fol. 668E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 310

Dict. 2/16/53. February 17, 1953.

Mr. J. V. Moffitt, Jr. Sealy of the Carolinas Lexington, North Carolina

Dear Mr. Moffitt:

I am in receipt of a letter from Mr. Sutherland of the Richmond plant advising me that he has given you the counties of Pitt, Beaufort, Hyde, Dare, and Tyrrell.

If this concludes the satisfactory rounding out of your territory, I would appreciate having you drop me a line and we will make the necessary and finalized changes.

> Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

[fol. 669E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 311:

February 20, 1953. Dict. 2/19/53.

Mr. J. R. Lawrence

Dear Roger:

I am in receipt of a letter from J. V. Mositt stating that he is agreeable to the transfer of the five counties to his territory which were given to him by Mr. Sutherland.

Inasmuch as we have had letters from all three of the licensees involved, I believe it is satisfactory to officially make the transfers and to indicate same on the respective contracts.

Regards, E. H. Bergmann.

EHB:hlt

[fol. 670E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 312

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia Telephone 52845 8 South Harvie Street

February 12, 1953.

Mr. J. R. Lawrence Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois

# Dear Roger:

I am enclosing you copy of letter which I have today sent to Earl Bergmann. You will get a confirming letter from Mr. Joe Moffitt at Lexington and probably a confirming letter from Joe Rudick at Baltimore. So, we are going ahead and serve the two norther counties in Virginia at once and will discontinue the solicitation of Sealy business in the five counties named in North Carolina. At the convenience of Sealy, Incorporated we would like to have this definitely confirmed so that we can attach it to our contracts.

With kindest regards and best wishes, we remain

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

## [fol. 671E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 313

February 12, 1953.

Mr. E. H. Bergmann Sealy, Incorporated 2012 West 25th Street United Office Building Room 418 Cleveland 13, Ohio

#### Dear Earl:

I conferred on the telephone yesterday with Joe Rudick and also Mr. Joe Moffitt. I thanked Joe Rudick for conceding to me the two counties in northern Virginia of Prince William and Fauquier and I agreed with Mr. Joe Moffitt that Richmond would concede to him in North Carolina the two counties which he asked for, namely; Pitt County and Beaufort County. But, I also told Mr. Moffitt and he accepted the three additional counties in Eastern Carolina of Hyde, Dare and Tyrrell. Therefore, I am giving to Mr. Joe Moffitt of Lexington five counties in North Carolina for exchange of two counties in Virginia. I think this arrangement is satisfactory to everybody concerned and I am sincere in saying that I believe it will work to great advantage to Sealy, Incorporated as well as the individual plants.

With kindest regards, we remain

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

cc; Mr. J. R. Lawrence

# [fol. 672E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 314

February 16, 1953.

Mr. Sidney Sutherland Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

# Dear Sidney:

Since this letter refers to the territories involving the plants of Lexington and Baltimore, I am sending copies of this letter to the principals at those locations.

Baltimore is to surrender to Richmond the counties of

Prince William and Fauquier in Virginia.

Richmond to surrender to Lexington the counties of Pitt, Beaufore, Hyde, Dare, and Tyrrell in the State of North Carolina.

We are marking our records and contracts on this change. We ask each plant involved to confirm the change

to this office.

Yours very truly, Sealy, Incorporated, J. R. Law-rence.

JRL:lht

ce: Joseph Rudick, J. V. Moffitt, Jr.

[fol. 673E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 315

SEALY MATTERSS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia Telephone 52845 8 South Harvie Street

February 19, 1953.

Mr. J. R. Lawrence Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois

Dear Roger:

I have your communication of February 16th and in reply to your letter concerning the swapping of territory between Baltimore and Richmond and Richmond and Lexington wish to confirm that Richmond is surrendering to Lexington the Counties of Pitt, Beauford, Dare, Hyde and Tyrrell in the State of North Carolina and for exchange of these counties Baltimore is surrendering to Richmond the counties of Prince William and Fauquier in Northern Virginia. Thanks for all of the above.

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

### [fol. 674E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 316

Dict. 3/4/53. March 6, 1953.

Mr. T. C. Engelhardt, Sr. Sealy Mattress Company Front & Chestnut Streets Reading, Pennsylvania

#### Dear Ted:

I note that you are back from your vacation and I'm happy to hear that you had a nice time and I'm sure that you will be in a state of health to permit you to carry on in the vigorous manner in which you are accustomed to per-

forming.

I note what you say regarding the size of your territory and really, Ted, the request from you of Adams County was purely for the purpose of rounding out the territories and no consideration was given as to the respective size of the territories involved. As a matter of fact, Richmond territory, which is smaller than yours, was requested to give up five counties in order to round out our new people in Lexington, North Carolina and they gladly did so in spite of the fact that they have the smallest territory in our group.

In return for the five counties that Richmond gave up, I procured three counties from Baltimore which helped Richmond in a spot where they would normally do a fairly good job, yet it was still within the normal trading area of

Washington.

When Roger and I spoke to you about your territory a year or two ago you showed no interest whatsoever in the open territory and if I remember correctly you even turned it down. I did not have any idea that you had any interest in the open territory because I would have been very glad to have discussed it with you, and as Roger and I indicated to you at that time that we were with you, there is no reason why you should not have the territory, certainly you should be entitled to work it on a free basis if you will be do so.

In order to help the situation with Baltimore, I have assigned to him the two Pennsylvania counties of Franklin and Fulton. I looked at these counties for some time before I gave them to Joe and I did so based upon two thoughts; [fol. 675E] number one, that you were not active over in that part of the country and, number two, that Baltimore was very active in the Hagertown district and could easily take care of Fulton and Franklin and that the distance was about the same from Baltimore as it would be from Read-

ing.

The actual amount of business involved so far as Franklin County is concerned is not great because based upon our yardstick of sales pars it has only .02 of the United States potential and this applied against the Sealy sales for 1952 would indicate that the 100% par of that county would be about \$5,000.00. I did not think that this was too important so far as your territory was concerned, considering distances and other matters, but it would be of some benefit to Joe. If you have a man working the territory and you're getting the amount of business out of the county that it should produce, then that is all we can expect. If, on the other hand, you are not working it and you're not getting the amount of business that it should produce and it's too far away or lies in a spot that is not too easy to cover, then the transfer to another territory is the thing that should be done to try to strengthen our deal nationally at all times.

Any time that you want to discuss the other counties.

which remain open, I would be very happy to do so.

Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

# [fel. 676E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 317

Dict. 8/28/52. August 29, 1952,

Sealy Mattress Company 5914 Federal Street Detroit 9, Michigan

Attention: Mr. Peter D. Brown

#### Dear Pete:

I have been working with Morry Kaplan on the tier of counties which is adjacent to you, and I think we have it fairly well worked out that he will transfer to you three counties. They are: Jackson, Saginaw, and Shiawassee. Morry feels that he cannot give up Ingham County, which embraces Lansing, because of the amount of business they are doing there and the fact that this seems to be more or less of an anchor point for a considerable amount of business west of Lansing.

I hope to have this entire matter finalized next week when McGillvray returns from his vacation. Just as soon as I get the final word I will let you know and then we can

make the transfer official.

Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Berg-

EHB:ht

## [fol. 677E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 318

August 16, 1954.

Mr. Morric A. Kaplan Sealy Mattress Co. 903 North Halsted St. Chicago, Illinois

## Dear Morry:

This letter is being written to you while you are on your vacation but I thought that inasmuch as a fellow always comes back from his vacation lean, fit and willing, that it would be a good time to have it awaiting your return so as

to catch you in the pink of condition.

Morry, I am referring to the matter of the 5 counties in Michigan which have on several occasions been discussed as being assigned to the Detroit plant. You recall that during the meeting in Miami the contract for Wisconsin and Michigan was renewed for a year with the proviso that a committee be appointed to consider the advisability of an immediate transfer of the 5 counties to the Detroit territory.

Now that you are extremely busy and can see the volume of business that is to be had in your combined territories, I am wondering if you have not come to the personal realization yourself that to assign these 5 counties to the Detroit territory would be the proper thing to do and could be done

without any loss so far as your plant is concerned.

Between you and me, I think that Pete is entitled to some additional territory to give him a little elbow room to work in, particularly during times when there is a period of stress in a large city such as Detroit. He being divested of almost any country territory is in a rather tough spot under such condition of times. These 5 additional counties I think could help him a great deal and actually I personally believe that owing to their nearness to Detroit and the dis-

tance from Chicago that actually the Detroit plant could

obtain much greater sales from them.

This is a problem that I hate like the devil to have to appoint a committee on and if it could be cleared up without going through that step, I thin. it would be the best all [fol. 678E] around for an esprit de corps of our organization.

I would like to hear from you on this subject as to your thoughts.

Personal regards.

Very truly yours, Sealy Incorporated, E. H. Bergmann.

#### EHB/rl

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villanne rug å villanisos bas. Vot sees -sib ook bas slovits Got, sagsvars g [fol. 679E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 319

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone Michigan 2-2050 Chicago 22, Illinois

September 15, 1954.

Mr. E. H. Bergmann Sealy Incorporated 666 Lake Shore Drive Chicago, Illinois

#### Dear Earl:

Your recent letter regarding the old Milwaukee territory has been handed to me by Mr. Kaplan for an answer, without any explanation.

I have a feeling this was done because for the past six years I have had nothing but gentlemanly pressure from Mr. Kaplan and yourself because this part of our trading area was pitifully below the Sealy sales par figures.

In your letter, you referred to July shipments of over \$90,000.00; and I would like to tell you now that the August figure is in excess of \$123,000.00. Of course, if we can maintain this kind of volume through the balance of the year, we will far exceed the commitments Mr. Kaplan made to you in Miami in the spring of this year.

I am now hopeful we will hear no further comment about dissecting this territory and giving portions of it to other

Sealy plants or a new Sealy plant.

At long last, I think we now have the right formula going for us consisting of: the right promotional merchandise . . . . the right personnel . . . . Sealy power generated and directed . . . and "the usual Kaplan Mazol."

"Sin-Sealy" yours, C. B. McGillivray, Sealy Mattress Company.

## [fol. 680E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 320

Dict. 9/25/54. \*September 28, 1954.

Mr. C. B. McGillivray Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

#### Dear Mac:

This is the first opportunity that I have had to answer your letter of September 15th in answer to my letter of August 16 to Morry relative to the five counties that I have been trying to convince you two boys should be given to Pete Brown.

Mac, I agree with everything that you say about apparently having found the right formula for covering Wisconsin and Michigan, but I still maintain that those five counties can be much better handled by Detroit.

Actually, in the very first place, the should have been in the Detroit orbit. Why they were not, I do not know, but this thing was boiling when I took over J. R. Haas' job some seven years ago.

I had hopes that I would not have to personally ask you and Morry to give up those five counties, but apparently I am going to have to do so. I am asking that the five counties be given to Pete for three reasons. First, I think they can be better serviced from Detroit and the loss of them will not make too much material difference as far as the Chicago plant is concerned, because I feel that you have plenty of territory in which to work, and this is not the case of the Detroit plant. The Detroit plant needs some country territory for the purpose of having a little elbow room, and also to offset business conditions which you and I know so frequently plague Detroit because of the high concentration of one industry in that city.

The second reason that I am asking that you give these

counties to Pete Brown is because I think it will help to

keep peace in the family."

The third reason I feel that I am not being unjust in asking for these five counties is because of having given to the Chicago plant a territory embracing Indianapolis which [fol. 68LE] I had envisioned initially as the location of a private plant. I think this territory more than offsets value of those five counties.

Personal regards,

Sealy, Incorporated, E. H. Bergmann.

EHB/rl

cc: Mr. M. A. Kaplan

## [fol. 682E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 321

#### SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone Michigan 2-2050 Chicago 22, Illinois

October 6; 1954.

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland, Ohio

#### Dear Earl:

I have your letter of September 28th in response to my letter of September 15th regarding the five counties in Michigan.

In your letter, you say "I am going to have to ask you to give up these five counties". At that point, it seems to me that I have no right to be in this situation and have asked Morry to step out, giving him the following thoughts for him to consider:

- 1. I made a deal with Bob Byrnes, who covers Grand Rapids and these plus two other counties only. Bob is a high-powered man whom I sold based upon the potential in the area as well as the advertising that we were going to use as an umbrella for him to function with. My discussions with him envisioned making a certain amount of progress at the end of the first year, which is December 31st. Bob has actually delivered more business than we envisioned when we discussed this last December.
- 2. In particular, Bob has done an enthusiastically encouraging job in Lansing. Lansing, too, you must remem-

ber is about 25 miles closer to Grand Rapids than it is to Detroit.

3. This is also an important point because we have done a considerable amount of television advertising out of Battle Creek, which covers both the Lansing and Jackson areas. This goes back to the national shows and more costly shows in the form of TV spots that we have run consistently for the past year and have contracted for way into next year, although I know these are cancellable.

The loss of these counties, and particularly the loss of the Ingham and Jackson Counties, are going to present us with real representation problems as a very brief study [fol. 683E] of this Grand Rapids territory will reveal. If you've ever been up in Upper Michigan, which includes the Peninsula as well as Upstate Michigan, you know that what you are talking about is an area that is very much like Colorado because if you take the trees out you have damn little left.

Outside of Grand Rapids, with a population of about 175,000 people, the territory is made up of a few cities like Muskegon, Lansing, Jackson, Battle Creek and Kalamazoo. The southern counties are part of the Indiana territory and in the South Bend orbit, where we are contemplating establishing as a delivered point. No matter what happens, we want to be able to hold good representation for the Grand Rapids warehouse handling so that we can afford two top-flight men in this territory.

Best regards.

Yours very truly, Sealy Mattress Company, C. B. McGillivray, Sales Manager.

CBM:mk

cc: M. A. Kaplan

[fol. 684E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 322

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone Michigan 2-2050 Chicago 22, Illinois

October 7, 1954.

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland, Ohio

#### Dear Earl:

I have copy of your letter of September 28th to Mr. McGillivray. This is with reference of turning over the five counties in Michigan to Pete Brown.

Apparently, you have forgotten about the actual discussion that was held at the last Directors Meeting in Miami. You will recall that the Milwaukee and Grand Rapids area license was up for renewal on a permanent basis.

I don't recall whether you recommended the renewal to be made on any kind of a basis at all, but, for the moment, that is beside the point. I did state that we expected to ship approximately \$700,000 of Sealy merchandise into the Milwaukee territory during 1954 and that we were going to expend a great deal of money in advertising in that area during that period. I believe a motion was then made that the contract be extended for one year, with the provision that the five counties in Michigan that are contiguous to the Detroit area be reviewed at the same time our contract renewal was reviewed.

It seems to me only fair that we have an opportunity to review our progress in the Milwaukee territory, in general,

and in these five counties in specific, for this year, since our primary concern here is Chicago's investment in the Milwaukee territory. Pete Brown's problems are our secondary consideration, in spite of the fact that we are very

sympathetic with his problems and his position.

Under the circumstances, you can see that we are interested in the over-all problem of our entire Milwaukee territory rather than the specific problem of the five coun[fol. 685E] I don't know whether our figures will be far enough along and whether our results will move so quickly

ties adjacent to the Detroit area.

that we will be able to take our figures through October and present them to the Board at the November meeting so that the contract is reviewed prior to the March meeting (which was the decision of the Board at the last March meeting in Miami). If they are, I see no reason for not reviewing our position at that time and not wait until the March meeting. If they are not, however, it may be necessary for us to ask for sufficient extension of time to prove up our ability to take care of the territory as the Board indicated to me and I indicated to the Board in March in Miami.

I hope this clarifies our position in this situation.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

MAK:mk

ce: C. B. McGillivray

## [fol. 686E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 323

October 11, 1954.

Mr. C. B. McGillivray Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

#### Dear Mac:

This acknowledges receipt of your letter of October the 6th relative to the five counties in Michigan.

First may I take this opportunity of thanking you for the nice friendly letter that you wrote and the clear outline of the problems that this proposal creates for you.

The more I become involved in intra-Sealy licensee problems the more I appreciate brother Truman and Eisenhower in the terrible job that they have been and are involved with. It seems to be a pure case of hell if you do and hell if you don't

The sad part of the problem, so far as I am personally concerned, is that it appears that in the beginning a serious error was made in the limitation placed upon the Detroit plant. The more you look at it realistically the more you are convinced that originally the lion's share of Michigan should have gone to Detroit. How it ever got into the hands of the Milwaukee licensee I will never know but I suppose it was one of those things of the territory being open and that prior to the establishment of the Detroit plant nobody wanted it anyway and H. Marquardt prevailed upon Mr. Haas to give it to him. As in all of these matters it is always very difficult to try to correct or rearrange or reassign after the initial move has been made. It's like playing checkers, after you make a move you wake up two or three jumps later and realize you should have done something else but it's too late to do much about it.

One thing Mac, that I think you ought to do in order to at least give the Board and the executive officers a basis

for coming to some kind of a final conclusion is to give [fol. 687E] us a resume of your sales for the Michigan territory only for the period of time that you have had it broken down by years so that we can get a comparative of your efforts and progress. I also think that it will be necessary to give us this same information over the same period of time and the same number of years for the five counties. This information will be very interesting and possibly conclusive in what apparently a final decision will have to be made in order to at least relieve me of being constantly pressed for consideration of the segment of territory desired by the Detroit plant. Actually the desire I think is more than just a case of wanting a territory but I can see where the present territory of Detroit is so limited that they hardly have any, elbow-room at all and they are terribly restricted as to a good balance between metropolitan and urban outlets.

I am wondering if you would be good enough to try to get this information for me well in advance of the meetings scheduled for the second week in November. I'd like very much to have it sometime around the 1st or 2nd of November. Would you please try to expedite getting the infor-

mation for me.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB/js

ce: Morris Kaplan, Chicago, Illinois.

[fol. 688E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 324

SEALY MATTRESS COMPANY Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone Michigan 2-2050 Chicago 22, Illinois

October 29, 1954.

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland, Ohio

#### Dear Earl:

I am planning on having an analysis of our figures in the five counties of Michigan, that you have been writing to Mac and me about, so that we may discuss it sometime between now and the annual Directors meeting.

If you recall the meeting held this spring in Florida, you will remember that these five counties, together with a review of the Wisconsin contract renewal, was to come up in March of 1955.

Apparently, from the tone of your letters, you are getting a tremendous amount of pressure from Pete Brown over this handling and you may believe it wise to review this so that it be handled at the November meeting instead of waiting until next March.

If you can find some time between now and then—or sometime prior to these meetings—I would be very happy to discuss it with you.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

MAK:mk

## [fol. 689E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 325

#### SEALY INCORPORATED

### Inter Factory Correspondence

Date: 1/12/55

From: J. R. Lawrence

Subject :-

Mr. Johnson

#### Dear Irv:

Will you please have our territory book corrected to show that the following counties have been transferred from the Chicago plant to the Detroit plant as of March the 1st, 1955. All inquiries arising from those counties will be referred to the Detroit plant after the above date rather than to the Chicago plant.

The following counties in the state of Michigan: Day;

Jackson, Saginaw and Shiawasee.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL/js

## [fol. 690E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 326

January 26, 1955

Mr. Joseph F. Haas Haas, Holland & Blackshear First National Bank Building Atlanta 3, Georgia

#### Dear Joes.

The Chicago plant has released the following counties in the state of Michigan to the Detroit plant; Bay, Jackson,

Saginaw and Shianasee, effective 2/28/55

Both Detroit and Chicago have a permanent form of contract. It may be well that we prepare an amendment to their contract showing the change in the territory. We could possibly do the same thing by having them acknowledge our letter stating of the transfer.

What is your advice on the matter and should you recommend an amendment to the contract please prepare

it so we can get both plants to sign it.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL/js

## [fol. 691E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 327

SEALY MATTRESS COMPANY

Makers of Finer Matresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

5914 Federal Street Telephone Tashmoo 6-4700 Detroit 9, Michigan

June 9, 1956

Mr. Earl Bergmann Sealy Incorporated 666 N. Lake Shore Drive Chicago 11 Ill.

#### Dear Earl:

In the past few months I have mentioned both to you and Morry Kaplan the question of the Lansing area in the State of Michigan, which is supposed to have been finalized in February.

As a reminder, the original set-up agreed upon in February 1955, was to turn over the four counties in Michigan, and the Lansing area was held in abeyance until February, 1956 subject to par performance. If par was not reached during that 12 month period, it was supposed to have been turned over to the Detroit plant.

I feel at this date, there certainly should have been sufficient time for you to have the figures and to finalize this matter.

We hope this will be finalized by next week during the market when we are all in attendance.

Very truly yours, Sealy Mattress Company, Peter D. Brown.

PDB:rm CC M. Kaplan

## [fol. 692E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 328

June 12, 1956.

Mr. M. A. Kaplan Sealy Mattress Company 903 North Halsted Chicago, Illinois

### Dear Morry:

You undoubtedly have received a copy of the letter written to me under date of June 9th by Pete Brown relative to the Lansing area in the state of Michigan.

The writer recalls the discussion as outlined in paragraph #2 of Pete's letter as being in accordance with the

discussion at the time.

Now that Pete has raised the subject again, I feel that it will be necessary for us to face up to Pete with at least the facts of performance so far as par is concerned in order

to finalize the matter one way or the other.

Would you have Mac or Ed Segan procure these figures and forward them to me or bring them to the office by the end of this week so that they will be handy during the first week of the market when undoubtedly Pete will ask questions concerning the finalizing of this matter.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/sm

## [fol. 693E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 329

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone Michigan 2-2050 Chicago 22, Illinois June 15, 1956

Mr. E. H. Bergmann Sealy Incorporated 666 Lake Shore Drive Chicago 11, Illinois

### Dear Earl:

In reply to copy of letter which I received, dated June 9th and addressed to you by Peter Brown, with reference to the Lansing area in the state of Michigan, the statement that Pete has outlined is substantially the gist of the discussion we had when we talked about the four counties which we turned over to Detroit in February of last year.

We have not yet achieved par performance in Ingham County, in which Lansing lies. The par there is approximately \$40,000 and our shipments there last year were slightly over \$33,000. These figures are correct within just a few dollars and are not capable of being quite defined to the last dollar.

Because of business conditions and a change that we developed in sales policy in that area, I feel that we should hold this county until such time as we can see our ability or inability to achieve par. Further, while there is nothing definite in the offing, and I don't want it to be so considered,

we have not entirely discarded the idea of a Grand Rapids

operation.

For that reason, I would like to withhold the conclusions here until such time as we have an opportunity to see our 1956 volume in the county, and also determine how our abilities turn towards serving this county well.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

cc: P. D. Brown

## [fol. 694E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 330

Dict. 12/2/52 December 4, 1952.

Sealy Mattress Company 501 Santa Fe Kansas City 6, Missouri

Attention: Mr. Isadore Gale

#### Dear Isadore:

I want to acknowledge receipt of your letter of November 24th and thank you for the thoughtfulness in inviting Mrs. Bergmann to come to Kansas City for the regional meeting. Inasmuch as this is a three week rat race, I felt that it was too much for her to attempt to follow me around the country and, accordingly, she is leaving the day after I leave Cleveland to drive to Jackson, Mississippi to visit with her son and grandchild.

The matter of the Memphis plant is supposed to be secret so far as Sealy is concerned. I know that the rumor has been out, but so far as Sealy is concerned we are not the ones to make the disclosure, if and when the deal is finally consumated. The deal as of today has not been closed. I feel that by the time I arrive in Kansas City that it will be finished business.

As to the possibility of getting some of the Missouri territory for the Kansas City plant, I'm afraid that is going to be out of the question because I have made a tremendous effort to try to get the little tip of Florida embracing just the Miami district for a separate plant, but the new people in Memphis would not hold still for it. I know that I never would be able to do anything with them in the way of slicing off some of the present Missouri territory that they have. I will know more about this when I see you in Kansas City next week.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

# [fol. 695E] IN UNITED STATES DISTRICT COURT,

GOVERNMENT'S EXHIBIT No. 331

Diet. 1/10/53 January 14, 1953

Mr. Edgar Haas, Sr. Slumber Products Corporation Memphis, Tennessee

## Dear Edgar:

This is my first official letter to you as a member of Sealy and while it is not official so far as your entry into our group, I do want to tell you that I am happy to have you to be one of us.

I enjoyed our little lunch the other day and I hope that we will have the occasion of sitting down and breaking bread together frequently.

Even before you receive a signed contract from Sealy and actually begin operations as an active member, I am going to start to shoot at you for some of the territory that

you have that some of our people covet.

Our plant in Louisville has been constantly after us for the territory that is in the Memphis contract that lies east of the Tennessee River. There are two or three counties there that they say are born Kentuckians and that they will only buy from people in Kentucky and they think they could do a much better job in those two or three counties than could ever be done from Memphis. Sometime when you have nothing else to do, you might look into those few counties and see whether or not they amount to very much so far as you are concerned and maybe if they don't, you might be willing to pass them on to Louisville.

Our plant in Kansas City, of course, is one of our outstanding plants and there is a little group of counties up in the northern part of Missouri that they would like to have because they think they can do a much better job there than what can possibly be done out of a warehouse in St. Louis. The counties are Adair, Scotland, Clark, Knox, Macon,

Randolph, Boone, and Cole. I guess the only one that amounts to anything is Cole because it does contain Jefferson City. Again, Edgar, I merely pass this on te you for reference in the future, and if sometime you have a chance to review these counties, again you might indicate to me whether you think you would consider a transfer for the benefit of the national picture.

[fol. 696E] May you continue to have the best of health and a most prosperous 1953.

Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

## [fol. 697E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 332

Sealy Mattress Company 903 North Halsted Street. Chicago 22, Illinois

January 19, 1953.

Attention: Mr. Morris Kaplan

## Dear Morry:

This is written in acknowledgment of yours of January 14, relative to arrangements as before mutually decided upon between your plant and ours with the Kelly store group.

To confirm the arrangement, as I went over it with Mr.

McGillivary in Chicago, it would provide as follows: That your plant would serve the needs of the LaCrosse, Eau Claire and Chippewa Falls stores in your territory,

as well as Monomonie and Winona stores, which latter two are in our territory. We make the concession to your plant of the latter two stores in view of the peculiar warehousing setup maintained by Kelly's in Winona. In addition, and until such a time when we ourselves may reach the point of doing so, your plant is likewise to be permitted to serve all of the Kelly stores, regardless of location, in their

upholstered goods requirements.

It is our intention to work in the closest possible communion with your sales staff for the purpose of effecting the greatest degree of uniformity relative to bedding specifications, prices thereon, cooperative advertising policy, etc. It is our intention, at the earliest possible date, to organize a Road Show of our own for the purpose of serving those Kelly stores in our territory, in addition to many of our other dealers. Bernie intends contacting you further for the purpose of securing the use of your show as a dynamitepacked kickoff in this area with St. Paul's largest store, Cardozo's.

[fol. 698E] With kindest personal regards, Sealy Mattress Company, Ross S. Rosenberg.

## [fol. 699E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 333

January 14, 1953.

Mr. Ross Rosenberg Sealy Mattress Company Fisk & Rondo Streets St. Paul 4, Minnesota

#### Dear Ross:

McGillivray advises that an agreement has been reached by you and him with reference to handling the Kelly Stores.

As I understand it, we are to serve the following Kelly

Stores located in the cities as indicated:

LaCrosse, Wisconsin
Eau Claire, Wisconsin
Winona, Minnesota
Chippewa Falls, Wisconsin

This poses the problem of the sale of goods in Winona, Minnesota.

We will service the Kelly Stores in the three Wisconsin cities in our territory plus the Winona, Minnesota Store. When we are in Winona, we will sell only the Kelly Store in that city and not any other stores.

Since it is the practice of the Kelly Store in Winona to warehouse for the LaCrosse Store and the Winona Store, for that reason it is necessary that we ship into Winona for

those two points.

St. Paul agrees to aggressively service the balance of the chain of Kelly Stores lying in Minnesota and North Dakota.

St. Paul also agrees to make delivery and sell the same goods, at the same prices, recommended to Kelly by Chicago, and Chicago in turn agrees to do likewise for any goods recommended to the Kelly Stores by the St. Paul factory.

[fol. 700E] Since Mr. Joe Kelly indicated that he would

work directly with you on promotional goods for the Minnesota and North Dakota stores, we would want to be able to work likewise with the stores in Wisconsin and Winona, Minnesota.

We understand that you have agreed to a 5% cooperative advertising program with Kelly Stores, based upon their matching the 5% at their lowest annual rate, after giving effect to all discounts. We have no such cooperative program but will go along with Kelly's on that basis for the stores in our territory so that we offer a co-ordi-

nated story to Kelly's.

I understand that the boys have already sold against this advertising cooperative program, including some low end merchandise. I would suggest that merchandise sold below the normal standard mark-up goods to us be excluded for advertising cooperative programs. I see no point in giving them any cooperation on low mark-up promotions and roll edge type goods. We will try to have that finalized and confirm what items cooperation is to be extended on, if this can be changed yet during this market.

We also understand you have agreed to develop the Sally Jones Road Show for them in their territory on the same basis we extended it to Kelly's, where there is a sharing of cost on the part of the factory and the dealer. I am sure you have the details from us. We will do likewise in the Kelly Stores that we have not yet had our Road Show.

appear.

As in the past, we will service the Kelly Stores on sofa sleepers in all territories that they now use this type of equipment. As soon as you equip yourselves to manufacture sofa sleepers, we, of course, will withdraw to serve only the three Wisconsin and Winona, Minnesota Stores.

I would appreciate your confirming the above, with copy to Earl and Roger, so that these are indicated for the records, and that they make sure we pay royalties for goods being sold out of our territory.

McGillivray will furnish your representative, Mr. Cooperman, before he leaves the market, with the covers, specifications and other details necessary for you to bill the goods sold to Kelly's during the market.

[fol. 701E] If you need any of this merchandise to get

started, we will be very happy to furnish you with initial

yardages, etc.

Your reply, by return mail if convenient, would be much appreciated so that we can go forward with Kelly's.

Best regards.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

MAK:mk

ec: E. H. Bergmann, J. R. Lawrence, C. B. McGillivray.

[fol. 702E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 334

January 27, 1953.

Mr. H. L. Forbes Sealy Mattress Company 1115 Franklin Street Louisville 6, Kentucky

## Dear Harry:

I have a letter from Jack Metcalfe telling me that he has made a trade in territories with you. As I understand, he is trading you the county of Clay in Kentucky for which in return you are trading the counties of

Magoffin and Johnson.

Such a trade is okay with us, but since both Magoffin and Johnson counties appear in your contract, we will wish to have an official release signed by you, and we, in turn, will give you the assignment of the county of Clay. Please have your letter signed by Mr. Logan or some official of your company.

Yours very truly, Sealy, Incorporated, J. R. Law-rence.

JRL:hlt

## [fol. 703E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 335

#### SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Louisville 6, Kentucky Telephone Wabash 0566 1115 Franklin Street

January 28, 1953.

Mr. J. R. Lawrence, Vice President Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

## Dear Roger:

Jack Metcalfe and myself have worked up a trade between us that will increase volume at the Logan Co., increase volume for Sealy, Inc., and we believe will increase for Jack Metcalfe.

Jack has agreed to give us Clay County, Kentucky.

Please so mark your records.

In return for Jack giving Clay County to us, please also mark your records that we are transferring to him Magoffin County and Johnson County. These three counties are all in the state of Kentucky.

Please let us have official notice of the change so that

we may mark our records.

Very cordially yours, Harry L. Forbes, Sales Manager.

HLFamb

### [fol. 704E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 336

SEALY OF THE CAROLINAS

"Sleeping on a Sealy is like Sleeping on a Cloud"

Lexington, N. C. Telephone 572

June 26, 1953.

Sealy Incorporated 666 Lake Shore Drive Chicago 11, Illinois

Attn: Mr. J. R. Lawrence

### Dear Roger:

We are thinking seriously of changing our representation in the state of Georgia. We have never gotten much from that state but there is a possibility that we can do more if we have the Sealy line. We have a good prospect

living in Athens, Georgia.

You told me some time ago that we could sell in the state of Georgia until such time as we were told not to do so. Does this situation still apply? Furthermore, would you have any general idea as to when a new factory serving the state of Georgia will be established. In other words we should be able to tell our representative that he will probably be able to handle the Sealy line either indefinitely or for a certain time.

I would be glad to hear from you as quickly as possible

on this matter.

With kind personal regards,

Yours very truly, Sealy of the Carolinas, Inc., J. V. Moffitt, Jr.

jvm:jr/bm

## [fol. 705E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 337

June 29, 1953.

Mr. J. V. Moffitt, Jr. Sealy of the Carolinas Lexington, North Carolina

Dear Joe:

If the developments take place that were discussed here in Chicago last week, the state of Georgia will be under the Memphis contract and will be handled from the

Memphis sales office.

The developments regarding the state of Georgia are far enough along for me to tell you definitely that you willhave to discontinue selling in the state of Georgia for one of two alternatives will take place. Either the Memphis plant will handle Georgia immediately or we will secure a plant in Georgia within the near future.

> Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:hlt

### \*[fol. 706E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 338

#### SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Des Moines 8, Iowa Telephone 3-5165 301-325 Southwest 8th Street

Mr. E. H. Bergmann Sealy, Inc. 2512 West 25th Street Cleveland, Ohio July 9, 1953.

#### Dear Earl:

I have your letter of June 30th, together with the letter from Central Mattress Company of June 26th.

I am quite provoked at Mr. Shapiro, for his persistency and tactics in this matter, and my letter, a copy of which I am enclosing, is self-explanatory.

You state in your letter that you do not seem to be able to get rid of him, and it is my opinion that the reason is, because you have not, perhaps, told him definitely that the territory is not open to him, and I would appreciate it very much if you would do that, in plain simple language, so that he will understand it.

In answering your question, about selling the territory, the answer is definitely, "NO". We are not interested in selling the Nebraska territory, or any other part of our Sealy territory.

Of course, he would like to have a franchise with Sealy. He is sitting out there, selling nothing but cheap merchandise, and consequently, wants to pull himself out of the hole, but I do not feel that that is my responsibility.

I sincerely hope that this will be the last time that we will have to discuss this particular matter, however, I do feel that it would be a very good idea, and in all fairness to us, that you should write him a letter, stating very clearly the situation, and I would appreciate very much, having a copy to complete our files.

Sincerely yours, H. B. Fouts, President.

HBF:nw

[fol, 707E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 338-A

July 8, 1953.

Mr. Jules Shapiro Central Mattress Company Thirteenth & Cass Streets Omaha 2, Nebraska

Dear Mr. Shapiro:

Mr. Bergmann of Sealy, Inc., has been kind enough to forward to me, your letter addressed to him, dated June 26th. This letter is with further reference to your desire to acquire the Sealy territory in Nebraska.

I wish to compliment you for being able to recognize the value of a Sealy franchise, and I cannot, necessarily, blame you for trying to secure a Sealy franchise for your own use. However, I cannot say that I admire your tactics in trying to secure the franchise. You, undoubtedly, remember that you visited me in my office, at which time, we discussed the situation very thoroughly, and very carefully, and that I told you, in no uncertain terms, that the Sealy territory, in Nebraska, belongs to us, here in Des Moines, that we need the territory, and that we have no intention, whatsoever, now or later, of relinquishing it to you or anyone else.

I am sorry that you do not feel that we are doing a good job in the Nebraska territory. However, I do not believe you are in position to be a judge in that matter, because we have our own figures to refer to, and while we are not doing as much as we would like, nor nearly as much as we intend to do, in the near future, nevertheless, our business in Nebraska has been quite satisfactory to us recently.

It is not a pleasure to me to write to a friend in this tone, however, I hope that it will not be necessary for me to again tell you that the Sealy territory in Nebraska is

not available to you or anyone else, and that should be final.

You are welcome, at all times, to visit us here, and most certainly are welcome to come in to the Sealy space in Chicago, but I will thank you, if you will not bring up the Nebraska territory when you a, because there is no point in discussing a situation that cannot, possibly, develop for you.

With kindest regards and best wishes, I am Sincerely yours, H. B. Fouts, President.

HBF:nw \

[fol. 708E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 339

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

"Sleeping on a Sealy is like Sleeping on a Cloud"

354 South Parkway West P. O. Box 2847 Memphis, Tennessee

July 13, 1953.

Apalachicola Sealy Incorporated 666 Lake Shore Drive Chicago, Illinois

Attention: Mr. E. H. Bergmann

#### Dear Earl:

Thank you for your very nice letter of July 9.

We wish to relinquish the State of Florida with the exception of the western portion of the state which is bound on the east by Jefferson County.

In giving up this section of Florida we are to have the State of Georgia on our original contract plus the follow-

ing in Florida:

Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Jackson, Bay, Calhoun, Gulf, Franklin, Liberty, Gadsden, and Waukula.

In line with your letter this territory is to be made a part of our permanent contract. Please acknowledge these changes to us.

Trust that you and Mrs. Bergmann had a wonderful vacation and received a lot of pleasure from your fishing

Sincerely yours, Edgar C. Haas, President, Slumber Products Corporation.

## [fol. 709E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 342

September 16, 1953.

Mr. Edgar Haas Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

### Dear Edgar:

We are attaching hereto an original and four copies of an agreement between your corporation and Sealy, Incorporated covering the release of the State of Florida with the exception of the counties enumerated and the incorporation of the State of Georgia in your contract.

I do not have the date of your original contract as it is in our safety deposit vault. It may be that you have a copy in your office and can fill in the proper date. It is not too important as we can fill it in when I can get down to the varit.

We do ask that you execute all five (5) copies and return them promptly to this office so that Mr. Bergmann may execute them for Sealy, Incorporated. Upon completion we will return two (2) copies for your files.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:hlt

Enc.

[fol. 710E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 343

"Sleeping on a Sealy is like Sleeping on a Cloud"

P. O. Box 2847—354 S Parkway West Memphis 2, Tennessee

September 29, 1953.

Mr. J. R. Lawrence Sealy Incorporated 666 North Lake Shore Drive Chicago, Illinois

## Dear Roger:

We are enclosing herewith the original and four copies of the amended contract relating to the change in territory in the states of Florida and Georgia.

These agreements have all been properly executed by the President and Secretary of this company and after Mr. Bergmann has executed them, kindly return two copies for our files.

Kindest regards.

Cordially yours, Robert B. Conover, Treasurer, Slumber Products Corporation.

RBC:pk

Encls.-5

[Not read but offered and received.]

# [fol. 711E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 344

October 13, 1953.

Mr. Robert B. Conover Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

## Dear Mr. Conover:

Please be advised that we are enclosing herewith two (2) copies of the amended contract relating to the change in territory covering the States of Florida and Georgia.

Yours very truly, Sealy, Incorporated, E. H. Berg-mann.

EHB:hlt

Enc.

[Offered and received—not read.]

## [fol. 712E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 345

July 23, 1953. Diet. 7/22/53.

#### Mr. J. R. Lawrence

### Dear Roger:

I have your memo relative to Sesquehanna County in Pennsylvania and for the life of me I do not know how it happened that Ted Englehardt and I did not discuss this particular county. It may be that he did not know that it was open or, possibly, I had it in my mind that it

already belonged to Rochester.

It seems to me that inasmuch as he wants to have Wayne County, and if he services the county he must go up to the New York line, that he might just as well have Sesquehanna also. It would be my suggestion that we put it in his contract. From what I can tell there is not very much in the county and I doubt whether Rochester would do much with it because it is quite a ways from their plant. Actually, it is nearer to Paterson than anybody else.

Regards, E. H. Bergmann.

EHB:hlt

[fol. 713E] IN UNITED STATES DISTRICT COURT

July 10, 1953.

To: Mr. E. H. Bergmann

#### Dear Earl:

I have your note of July 7th regarding the additional counties to be placed in the Reading contract. Also, your note about the county of Cameron in the Pittsburgh contract.

This takes care of all the open counties in Pennsylvania with the exception of Susquehanna. I believe it was your intention to have all the open counties covered by some plant, and I will appreciate it if you will let me know in whose area you would want Susequehanna. As I see the map, you have two possibilities, one the Rochester plant and the other the Reading plant.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:hlt

# [fol. 714E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBT No. 346

October 9, 1953.

Mr. Marcus Haas Sealy Mattress Company P. O. Box 2847 Memphis, Tennessee

#### Dear Marcus:

I had a long distance telephone call yesterday from Mr. Arthur Newhouse, who is the Merchandising Manager of the Avery-Comstock stores, located in Canton, Illinois, Lincoln, Illinois, Pittsfield, Illinois and Hannibal, Missouri.

Your salesman, Mr. Ahern, was in his store in Lincoln, Illinois at the time of the phone call. Apparently, this was the first call Mr. Ahern has made to the store, since the June Market, because we have been delivering goods to the Lincoln, Illinois store (which actually does lie in the Memphis territory of Sealy) for quite some months.

It was my understanding, in discussing this problem with you at the June Market, that we agreed we would continue to deliver Sealy merchandise to the Lincoln, Illinois store on a temporary basis; but we most certainly would not deliver to Pittsfield, Illinois and Hannibal, Missouri.

Here again, we find ourselves in the same old position of an inter-plant handling which cannot be fathomed. As your salesman, Mr. Ahern, kicked up quite a fuss and pointed out to the customer he could get better service from the St. Louis warehouse and better prices from Sealy of Memphis, naturally the customer is in a state of confusion.

We successfully promoted the Golden Sleep with the Canton and Lincoln stores by shipping a pool trailerload from Chicago to the two stores; and we have recently shipped a Nylon Promotional Mattress to the two stores

on the same basis, in addition to the regular merchandise. As, apparently, there must be some misunderstanding about the agreement we made at the June. Market regarding the Lincoln store, we have accepted cancellation of all

ing the Lincoln store, we have accepted cancellation of all orders on file and have told Mr. Newhouse to buy mer-[fol. 715E] chandise from Mr. Ahern of Memphis, as the

store lies in the Memphis territory.

May I restate the desire of the customer and the basic problem involved, as follows: Mr. Avery, who owns the four stores, has an office in Peoria, Illinois. Mr. Newhouse is the Merchandising Manager and came to me at the last Market, after being solicited by our Mr. Mandelbaum and signified his desire and eagerness to buy Sealy and promote Sealy for his four stores as a unit.

It is apparent that under the existing Sealy setup, this is simply a dream. Of course, it is not understandable to

the dealer and the only ultimate loser is Sealy.

I would very much appreciate hearing from you on this matter to see if there is anything further we can do to help the customer.

"Sin-Sealy" yours, C. B. McGillivray, Sales Manager, Sealy Mattress Company.

CMBcG:H

cc: M. Kaplan, E. H. Bergmann, I. W. Mandelbaum.

[fol. 716E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 347

Dict. 1/21/54. January 25, 1954.

Mr. Sidney Sutherland Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

Dear Sidney:

This confirms our very pleasant conversation relative to the possibility of the transfer from your contract in the Baltimore contract the counties of Accomac and Northampton, which lie in Virginia but across the bay from Virginia proper.

Will you please write to Joe and indicate to him your

ideas relative to these counties.

If you and Joe can come to some understanding relative to their transfer please advise me and we will reduce the understanding to writing and have it attached to the two contracts.

> Yours very truly, Sealy Incorporated, E. H. Bergmann.

EHB:hle

ce; Joseph Rudick

# [fol. 717E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 348

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Richmond 20, Virginia
Telephone 52845
8 South Harvie Street

January 27, 1954

Mr. E. H. Bergmann Sealy, Incorporated 2012 W. 25th Street Cleveland, Ohio

Dear Earl:

Replying to your communication of January 25, 1954 in reference to our conversation concerning the counties of Accomac and Northampton in Eastern Shore Virginia, beg to advise that I have written to Joe Rudick in Baltimore as per copy of letter herewith enclosed. As stated to you in person these two counties are hard for us to work and I believe that Joe can do a better job there than Richmond.

You will note my remarks in Joe's letter concerning anything in Northern Virginia that he is not working. We work this part of the state very religiously and if he has anything in this area that is not being worked and wants to turn it over to me we will be happy to have it. However I want you and Joe Rudick both to know that I am not requesting any territory from him for the surrendering of the two Eastern Shore Counties.

In reference to our other conversations at High Point, beg to advise that I am working religiously toward reducing the indebtedness to Sealy both in the Royalty and Television. I contacted Jerry Joss and he has arranged

to cancel out two of the programs in Norfolk and one in Richmond. This will help the situation to some extent. However, since returning from High Point I have forward on to Chicago a check covering one of the Television programs and one of the back Royalties. I hope to work out this situation in the very near future.

With kindest regards and best wishes, we remain

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Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp enc.

# [fol. 718E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 349

January 27, 1954.

Mr. Joseph Rudick Sealy Mattress Company 2307 Hollins Street Baltimore, Maryland

Dear Joe:

When I was in High Point at the recent Sales Meeting Earl Bergmann talked to me in reference as to whether or not I was working the two counties in Eastern Shore (Va.) namely: Accomac & Northampton.

I told him that my man was going there occasionally but that we were not getting too much business out of Eastern Shore and it was very inconvenient for us to work and he and I both reached the conclusion that it was, a little more logical for your Baltimore man who works Southern Maryland all the time to come on down and work these two counties in Virginia. And, I assured Earl that it would be entirely satisfactory to me for you to take over these two counties and consider them in the Baltimore territory. In consideration for surrendering these two counties to Baltimore I am not asking for any additional territory from you but I might add that if you have any area in Northern Virginia either in the Valley or otherwise that you are not working and might want to turn over to Richmond I would be very pleased to hear from you. I am taking the liberty of sending a copy of this letter to Earl.

I hope that business is going along nicely with you and wish for you the best of luck.

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mat-

SS:mp

ce: Mr. E. H. Bergmann.

# [fol. 719E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 350

January 27, 1953.

Mr. Sidney Sutherland c/o Sealy Mattress Company 8 South Harvie Street Richmond 20, Virginia

# Dear Sidney:

I am in receipt of a letter written to you by Earl Bergmann as regards the two (2) counties on the eastern shore / which lie in Virginia, namely, Accomac and Northampton counties. According to Earl's letter you are to write me

as regards your ideas relative to these counties,

For your information, Sidney, all you have to let me know is whether we can have those counties or not, as you will recall, the last time we spoke of some, you were willing to have me take them over as your man did not cover same thoroughly. For your information, we now have a man spending full time down the eastern shore of Delaware and Maryland, and, therefore, could very easily call on these accounts and service same. We feel that we can do whatever job is possible to be done in these two counties, and am, therefore, waiting to hear from you on same.

Thank you very much for your kind cooperation, and with kindest regards.

Yours very truly, Sealy Mattress Company, Joseph Rudick.

jr:rs

CC: Earl H. Bergmann.

## [fol. 720E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 355

Mr. Irving Fisher c/o Sealy Mattress Company 316 Price Street Chester, Pennsylvania January 28, 1954.

#### Dear Irv:

I am writing you at this time as regards a matter that I meant to discuss with you in New York but did not get the chance.

I have been after Earl Bergmann to give me Adams County in Pennsylvania, which belongs to the Reading, Pa. plant and was sort of half promised this county last year, but when Ted Englehart was taken sick could do nothing. I followed same up with Earl in December, and Earl advised that he would take same up with Ted Englehart, Jr. The follow up that I got on same was that Ted Englehart, Jr. would give up Adams county in Pennsylvania to us if you would turn over some territory that they are covering for you that you do not want to cover as I understand it, and do not know what this territory is myself, but if you would turn this territory over to them completely, they told Earl that they would give Adams County to us.

I am not asking you to do this as a personal favor to me, but if you do want to let them have this particular territory that they are covering now, they in turn will give us the extra county in Pennsylvania that we desire.

So, understand, am only asking you what your plans are, and if they are to give up this territory to Ready, then I would appreciate knowing same because I then feel that I can get them to give me this one county in Pennsylvania. I am cending a copy of this letter to Earl Bergmann and hope that you take this in the tone that it is meant. With kindest personal regards.

Yours very truly, Sealy Mattress Company, Joseph-Rudick.

jr:rs

CC: Earl H. Bergmann.

## [fol. 721E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 356

February 22, 1954.

Mr. Joseph Rudick Sealy Mattress Company 2307 Hollins Street Baltimore 23, Maryland

### Dear Joe:

In response to your letter of January 28th with reference to the possibility of working out a solution for Adams County in Pennsylvania, I am sorry to say that we have not as yet been able to get together with Ted Englehardt, Jr. on a solution to our own problem here.

However, I have just written Ted trying to set a date up for this purpose and just as soon as we can come to some agreement you will hear from us further.

Kindest regards.

Very truly yours, Sealy Mattress Company of Phila., Irving L. Fisher, President.

ILF :id

ec: Mr. Earl H. Bergmann, Mr. J. Roger Lawrence.

[fol. 722E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT NO. 357

# SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress 2307 Hollins Street-Baltimore 23, Md.-Gilmor 5-7010

Mr. Earl H. Bergmann Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

June 4, 1954.

#### Dear Earl:

I am going through a series of notes on my desk prior to getting set for the coming Chicago market. I notice correspondence on my desk dating back two years as regards our getting Adams County in Pennsylvania to be added to our territory.

I have not mentioned this to you in quite some time as I have been waiting for you to work out something with the Reading plant. As you know, Earl, we gave up two very good counties in Virginia to the Richmond plant, on the basis that we would get three counties in Pennsyl-We did receive two counties in Pennsylvania, namely Fulton and Franklin, that between you and I are of very little use. There are only five dealers in both counties put together. We worked on the presumption that we would receive Adams county, which is a fairly well populated county with a number of good furniture stores.

I am calling this to your attention prior to the June meeting, hoping that you can and will do something for us during this month as regards Adams County.

Thank you very much for your consideration, with kind-

est personal regards.

Yours very truly, Sealy Mattress Company, J. R. Rudick. jrr:rs.

[fol. 723E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 358

June 10, 1954.

Mr. J. R. Rudick Sealy Mattress Co. 2307 Hollins St. Baltimore, Md.

#### Dear Joe:

This letter also refers to letter of June 4th, this one governing the matter of Adams County in Pennsylvania.

Joe, I do not feel that I am in a position to push any further the matter of one man giving up territory to another.

That is one of the most disagreeable and nardest tasks that is asked of me to constantly nudge somebody else about giving up territory which is included in his contract. It is pretty much like a kid with three lollipops, in spite of the fact that he has got two in his mouth, and does not have room for the third, he still will not give it up.

Sometimes ago, I saw a letter pass across my desk wherein a suggestion was made that Ted Englehardt, Jr., would be willing to give up Adams County to you provided that Irv Fisher gave up some territory that he is servicing more or less on a temporary basis in his territory, and which Ted feels by rights can be better serviced by Reading.

It is my suggestion that you, Irv and Ted get together and try to work out the matter between you.

of the mark too a lost to the state

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB/rl

[fol 724E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 359

June 15, 1954.

Mr. Irving L. Fisher Sealy Mattress Company 316 Price Street Chester, Pennsylvania

. 51

#### Dear Irv:

It has been quite sometime since we have spoken about the following, but I want to remind you of same before the Chicago meetings.

You and I in the past had discussed some sort of deal that you were trying to work out with Ted Engelhardt, namely, to take over some territory that he was working on a borrowed basis. We mentioned that if you took over that territory, it might be possible that I could get Ted Engelhardt to give up Adams County in Pennsylvania to me.

If you recall, this county in Bennsylvania was originally promised to me, but same never went through because of Ted Englehardt, Sr.'s illness. I wonder if you could bring me up to date on what has been done with Reading so that I may follow same up at the Chicago meetings. I am just in receipt of a letter from Earl Bergmann, where I had mentioned my getting this particular county, and he washes his hands of the entire thing, unless something can be worked out between the three of us.

If you will bring this information along with you to the Chicago meetings, I will consider it a great personal favor.

Yours very truly, Sealy Mattress Company, J. R. Rudick.

#### jr:rs

CC: Earl H. Bergmann, Sealy, Incorporated, 666 N. Lake. Shore Drive, Chicago, Illinois.

[fol. 725E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 360

July 14, 1954.

Mr. Irving L. Fisher Sealy Mattress Co. 316 Price Street Chester, Pa.

# Dear Irving:

During the exact time that I was discussing with Mr. Englehardt, Sr. the matter of the small triangular piece of territory that you were discussing with Mr. Engelhardt at a previous time to be given to the Reading plant in lieu of permission for shipment by you to the various stores of the Stern group, you called relative to the same matter.

I know that Ted made an appointment with you to discuss this matter and when I left him, so far as I know, he was in the mood to execute the agreement with you.

Will you please advise me as to what transpired in your

conversation with him after I left.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/rl

# [fol. 726E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 361

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

"Sleeping on a Sealy is like Sleeping on a Cloud"

316 Price Street Chester 5-1865 Chester, Pennsylvania-

July 22, 1954.

Mr. Earl Bergmann Sealy, Incorporated 2012 W. 25th Street Cleveland, Ohio

#### Dear Earl:

This is in response to your letter of July 14th with reference to the final arrangements made with Ted Engelhardt regarding the small segment of territory in Montgomery County, Pennsylvania on a direct line between Pottstown and Souderton.

Ted has promised to finalize this for you by submitting a letter indicating our agreement together with a map showing the defined area involved.

Generally, we have agreed to turn this territory over to Ted Engelhardt in return for which Ted has agreed to permit us to sell Stern's and Liebman's, two chains whose offices originate in Philadelphia.

The agreement involves no commissions or anything of that kind but that the total sales of goods shipped in to Ted's area for these accounts would then be applied as part of his sales quota. For example, if \$20,000 worth of goods were shipped into his territory, this would be added to his sales figures rather than to ours.

I think this is the main basis for agreement plus the fact that we have pledged to Ted that we would do everything possible, in the event that we sell either of these chains, to keep him fully informed as to any advertising programs they would have in those stores in his area which might in any wise embarrass Ted. We would attempt to alert him to those ads so that he, in turn, could be sure not to run anything in conflict with them or advise me if we were doing anything which would conflict with his setups in the towns which we would service.

I am glad to see this matter will now finally be resolved.

Very truly yours, Sealy Mattress Company of Phila., Irving L. Fisher, President.

ILF :id

CC: Mr. T. C. Engelhardt.

October 4, 1954.

# [fol. 727E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 364

Mr. Louis Haas Sealy Mattress Company 3681 Conway Ft. Worth, Texas

#### Dear Louis:

Please refer to your letter of August the 3rd in regard to a proper division of the Texas territory by county lines between you and Brenham. I have taken up this matter with Mr. R. S. Rogers of the Brenham plant, and he tells me that it is agreeable with him except for two counties which are listed in his area and which he thinks belong in yours. One is the county of Brewster and one is a county named Presidio.

Bob tells me that he has given permission to have your man call on the larger town in Brewster County inasmuch as your salesman has some personal acquaintance there. He feels that inasmuch as you are servicing that county you should have it in your area. Since the salesman from your area to get to Brewster County would have to travel through Presidio County he feels that also should be assigned to you.

In other words your franchise would include the following counties: Jeff Davis, Pecos, Kimble, McCulloch, Mills, Bell, Freestone, Cherokee, Shelby, Brewster and Presidio. The Brenham plant would have Terrell, Val Verde, Edwards, Masou, San Saba, Lampasas, Falls, Limestone, Anderson, Milam, Nacogdoches, and San Augustine.

The net effect of these changes would be to raise the potential of the Brenham territory to 2.4843 and reduce the potential of the Ft. Worth territory to 4.031.

If you find yourself in agreement of the above handling please let us know and we will have the necessary papers drawn up so that the final handling of this berderline territory can be recorded.

Yours very truly, Sealy, Incorporated, J. R. Law-rence.

JRL/js

cc: Sealy Mattress Co., Brenham, Texas.

. [fol. 728E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 366

October 19, 1954.

Mr. R. S. Rogers Sealy Mattress Company P.O. Box 593 Brenham, Texas

#### Dear Bob:

I have checked with Louis Haas the possibility of dividing the Texas territory by counties. Louis tells me that everything is agreeable except that he does not want Brewster and Presidio counties. He states that he did have an agreement for a period of one year in connection with those two counties, but that the agreement has expired and they are no longer working those counties.

Inasmuch as these two counties are primarily in your ginal territory I think that they should be assigned to your Brenham territory. If this is agreeable let me know and we will proceed with winding up this division

of territory by counties.

Yours very truly, Sealy, Incorporated, J. R. Law-

JRL/js

co: Sealy Mattress Co., Ft. Worth, Texas.

# [fol. 729E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 367

### SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

"Sleeping on a Sealy is like Sleeping on a Cloud"

Post Office Box 593 Phone 3676 & 3677 Brenham, Texas

October 21, 1954

Mr. Roger Lawrence c/o Sealy, Incorporated-666 N. Lake Shore Drive Chicago 11, Illinois

# Dear Roger:

We have your letter of 10/19/54 regarding possibility of listing the Texas territory by counties.

This is to advise that we do not wish to have any changes made in our territory boundary lines. We have a contract stating our exact territory.

We cannot see where such changes as have been proposed will result in any benefit to us, and we therefore see no reason why we should agree to any change.

I will be glad to discuss the above with you when I see you in November.

Yours very fruly, Sear Mattress Company, By R. S. Rogers.

RSR/aew

[fol. 730E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 372

April 18, 1955.

Mr. Ernest M. Wuliger Sealy Mattress Company 2841 East 37th Street Cleveland. Ohio

### Dear Ernest:

. We have been asked by the Louisville plant to seek from you release of the cities of Covington and Newport.

The Louisville plant points out that they are charged with the balance of the two counties in which these two cities lie and they feel that without the two cities the counties offer very little opportunity for them to attempt to sell merchandise in that portion of the county which they have.

Would you be good enough to check as to how important these two cities are to you so far as your establishment of outlets and if they represent little value to you this office would appreciate having you waive these two cities to the Louisville plant so that we could assign the entire county to them.

Will you please drop me a line and advise me as to your feelings in regard to this request.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB:ef

# [fol. 731E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 373

April 28, 1955.

Mr. Ernest M. Wuliger Sealy Mattress Company 2841 E. 37th Street Cleveland 15, Ohio

#### Dear Ernest:

This is in reply to your letter of April 25th relative to the cities of Covington and Newport, Kentucky. This request was something like the boy who stopped the girls on the corner and asked them for a kiss. You never can tell until you ask!

Frankly I did not expect you to give up the cities because that would be contrary to the usual reply to a request for the waiving of territory. It seems only fair to me, Ernest, that if you feel you want to keep these two towns, inasmuch as the balance of the county has very little left in it in the way of territory that could be serviced, it would only be fair to the Louisville plant that the buying potential of the two counties be put over on Cincinnati, and Louisville be relieved of this percentage so far as determining their pars and performance is concerned. It may not amount to a mole hill but I think it would serve a little in the way of a mental easement. What is your answer?

Very truly yours, Sealy, Incorporated, E. H. Berg-

EHB:jk

[fol. 732E] IN UNITED STATES DISTRICT COURT GOVERNMENT'S EXHIBIT, No. 374

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

"Sleeping on a Sealy is like Sleeping on a Cloud"

Fisk and Rondo Streets
Phones ELkhurst 8181 MIdway 1940
Saint Paul 4, Minnesota

Our new address La Salle & Myrtle

September 16, 1955.

Mr. Earl H. Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago 11, Illinois

#### Dear Earl:

Immediate reply is being made to the receipt of your letter of September 15th, which accompanied the Seidman & Seidman audit of our royalty account, and, needless to say, I certainly share your pleasure in the audit having turned up inadvertent discrepancies of a very insignificant amount. Actually, as was also pointed out to Mr. Adelman when he was here, in the interest of having our sales become commensurate with our par, we have been including and paying royalty on some \$25,000 annual sales to a legitimate jobber, for which, to date at least, we have been asking no credit. This bridge we can cross when our sales begin to exceed the \$1,000,000 goal.

It is, however, with reference to the matter raised in your second paragraph that I particularly want to comment about:

(1) In the first place, Earl, we were very surprised on learning that the town of Lemmon, South Dakota, was outside our franchise area. It would help matters if you would refer to a map of North and South Dakota as I proceed with this explanation. We certainly would not have deliberately begun servicing this account had we known this, and without first securing permission to do so. It is true that had our map been carefully gone over,

that the fact as pointed out would have been ascertained; nobody here, however, bothered to do it. So certain were we that Lemmon was within our territory, that we have this store under a 3 year Sealy

highway sign contract.

(2) From a practical standpoint, if we do not serve this community, no other Sealy plant will. If you will note, Lemmon is situated on the North Dakota-South Dakota state line, about 12 miles west of the edge of our franchise territory. It is situated on highway 12, along which route our representative travels in order to make such towns as Bowman, Scranton and Hettinger, North Dakota, and McIntosh and Mobridge, South Dakota. The two [fol. 733E] stores in Lemmon are both served exclusively by Twin City manufacturers; nor has a Denver supplier ever sent his representative into that section. The foregoing is being given to you, Earl, not so much in justification, but rather as logical justification for the account being served as it is.

(3) As to the legitimacy of our serving this account, this I would be willing to entrust to you for adjudication and disposition. I feel certain that if the matter is taken up with Denver, considering all the facts as already pointed out herein, not to mention the stakes involved being as small as they are, and considering the practical aspects involved, that Bill Stein would readily go along with the situation as it exists and would make exception from their territory of this single community. Of one thing you may be sure, if this dealer cannot be shipped Sealy products from St. Paul, he will return to the fold of King Koil.

This is the only case to my knowledge of any shipments being made to a store outside of our authorized territory, and I will await with interest your disposition of the problem involved. With kindest regards.

Very truly yours, Sealy Mattress Company, Ross S. Rosenberg.

### [fol. 734E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 375

September 19, 1955.

Mr. Ross S. Rosenberg Sealy Mattress Company LaSalle & Myrtle Streets St. Paul 4, Minnesota

### Dear Ross:

On Saturday, September 17 I struggled with the change necessary to be made in the division of territory between Brenham and Ft. Worth. As a result I had the atlas, county map outline and the contract book before me in order to be sure all records were properly changed.

Your letter of the 16th relative to Lemmon, South Dakota came just in time. While I was at it I traced through the matter. It took me some little time to locate the town because the atlas did not show it. If it had not been for the fact you told me it was on Route 12 and we had a Rand McNally auto map for the United States, I do not believe I would ever have found it.

I can see what you contend when you say the chances are that Denver has never set foot within the town, it is almost a logical stop for your man who covers the territory within a few miles of the town and undoubtedly it would fall back into the hands of King Koil if you discontinued shipping Sealy products from St. Paul. I have a hunch that Denver does not even know where the town is located.

As I stated to you in my letter of the 15th the matter of shipment outside of the territory should not be made an issue by this office unless it was pressed by someone who felt he had been aggrieved, which of course, is not the case in this situation. Therefore, I have no intentions of raising the issue with Denver because I think in cases such as this it is always well to leave sleeping dogs lie,

but of necessity to admonish the fellow who some daymight find himself in trouble, and the trouble could come about more or less innocently as apparently is the case here.

I think the thing to do is to let the matter ride along [fol. 735E] until the annual meeting when Bill Stein will be here and possibly some way in an offhand approach the matter can be brought up to Bill, and undoubtedly handled in a friendly personable way. I am quite sure, as you say, Bill Stein would readily go along with the situation as it now exists and would make an exception for this single community.

In the meantime let us let it ride status quo.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/lp

### [fol. 736E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 376

September 22, 1955.

Mr. H. B. Fouts Sealy Mattress Company 301-325 S.W. 8th Street Des Moines 8, Iowa

Dear Harry:

Your letter of the 19th relative to the Davenport situation arrived just one day too late to intercept the letter

dispatched to you yesterday, September 21st.

I recall your having told me you now were selling some accounts in Davenport and that today you would not be inclined to surrender as much territory as possibly you would have some months past. I did not gather from that that you would not be interested in wriving any territory whatsoever. Your letter of September 19th in which you state you would not care to relinquish any of the Davenport territory of course opposes any possibility of working out the franchise for the Davenport Bedding Company.

I am happy to note your statement that since you have rearranged your selling organization and have a separate selling force for Sealy products that you are definitely making progress in Davenport. Harry, this pleases me very much because a separate selling force was a suggestion I made to you and I was sure you would find it would improve your selling results.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB:jk

cc: M. A. Kaplan.

# [fol. 737E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 377

### SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

"Sleeping on a Séaly is like Sleeping or a Cloud"

301-325 Southwest 8th Street Telephone 3-5165 Des Moines 8, Iowa

Mr. E. H. Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

September 23 1955.

#### Dear Earl:

I just received your letter of the 21st, with further reference to the Tri City Territory. Apparently, you had not received, and read, my letter on this subject prior to your dictation.

We must admit that it is certainly generous of Morry Kaplan to be willing to give up seven counties along the Mississippi River, in the interest of establishing a new plant. I do not know what prompts Morry to be willing to give up this territory, because I know that he does not feel the same way about some other territories that he has difficulty in servicing; but, regardless of the reason, I think it is very considerate of Morry to be willing to cooperate to that extent.

The situation concerning Des Moines is entirely different. We do not have a surplus of territory to support our plant. In fact, we hardly have enough, but, of course, as we continue to improve our position, our volume will, undoubtedly, increase; but it would be ridiculous for us to even consider giving up any part of our territory, especially the part which is mentioned. As my previous letter stated, there was a time when we were not too interested in the city of Davenport itself, but times have changed, we have completely reorganized our sales force, and we have spent considerable time and money in Daven-

port and the adjoining territory. As a result, our business has improved greatly. That being the case, we would not for one minute even consider giving up Davenport to anyone, let alone a new licensee.

I wonder if you have stopped to analyze, and try to determine just why the Davenport Bedding Company is suddenly interested in a Sealy franchise. If they are doing as well as we are told, they would have no need of Sealy, or any other group, franchise. Could it not be [fol. 738E] possible that their business is not as good as it was, due to competition? And, that they need a name to tie to, otherwise a plant certainly would not be interested in taking on a territory the size that which you suggest. In all the counties that Chicago is willing to give up, the total population is about 268,000. Scott County, in which Davenport is located, has a population of about 100,000, but even if we were to match the Chicago territory, it would not still be less than approximately 500,000 population, and that would certainly not support any plant. It would, of course, give that particular plant the advantage of the name, Sealy, which could help them sell their private brand merchandise in contiguous territories; and I believe we are having enough grief along that line now.

If sech a thing were possible, that there was enough surplus territory to create a satisfactory one in that area, I should think Sealy, Inc. would want to give consideration to a pilot plant; but that small area would not be sufficient even for that kind of an operation, in my opinion.

I do not know just how you will accept my reply in this matter, you may feel that I am not as generous as Morry; and, perhaps, it is true, but nevertheless that is my considered opinion and I would appreciate it very much, Earl, if you would consider the matter closed as far as Des Moines is concerned.

With best wishes, I am

Yours very truly, Sealy Mattress Company, H. B. Fouts, President:

# [fol. 739E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 378

October 3, 1955.

Mr. H. B. Fouts Sealy Mattress Company 301-325 Southwest Eighth Street Des Moines, Iowa

### Dear Harry:

My letter of the 21st relative to the Tri-City territory missed yours by just one night. My letter went out one evening and your letter was on my desk the next morning.

There really is no need in answering your letter of the 23rd except that I do want to tell you that actually I have been trying to contact the Davenport Bedding Company in the right way for over six months. Actually we went to them, they did not seek a Sealy licenseeship.

When you have something to sell such as Sealy to a fellow of the reputation of the Davenport Bedding Company the success of your efforts, in my opinion, depends a great deal upon a correct approach and for that reason the contact could only be made at a certain time in a certain way by a certain person.

As you say, Harry, it is finished business.

I got a kick out of your longhand note regarding the steno and the errors.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

ehb:cj

### [fol. 740E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 379

October 12, 1955.

Answered 10/19/55

Mr. J. L. Metcalfe Sealy Mattress Company P. O. Box 432 Bluefield, Virginia Answered 10/14/55

Mr. Wm. A. Edie Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

#### Gentlemen:

During the preparation of the new forms to cover the Comprehensive Sales Report we have come upon inconsistencies between the two above listed plants regarding certain counties.

Clay County, Kentucky is shown in both contracts: Will each plant advise us the correct status of this county.

We also note that Magoffin and Johnson Counties are not shown in either contract and we would appreciate having your advice as to which contract should carry them.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:jk

[fol. 741E] IN UNITED STATES DISTRICT, COURT

GOVERNMENT'S EXHIBIT No. 380.

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

October 14, 1955.

Mr. E. H. Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

#### Dear Earl:

Bud Wahking, our representative for Kentucky, tells me that several years ago at one of the markets, Harry Forbes who was then Sales Manager and Jack Metcalfe, for one of his salesmen, agreed to swap counties along the border to conform with the calls which they were then making. It was his understanding that we were to get Clay County, Knox County and were to give up Magoffin and Johnson Counties and possibly one or two others. He does not know whether this was taken to Sealy, Inc. at that time or if a letter was written on it.

Perhaps Jack, having been present, will clear this up in his response to your letter. We have a good dealer at Manchester in Clay County and have never been informed of other dealers in that territory.

As soon as I get Jack's version, I will be glad to either write to him or you and do what we can to clarify the situation.

Yours truly, Sealy Mattress Co., William A. Edie, Sales Manager.

cc: Mr. J. L. Metcalfe.

### [fol. 742E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 381

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

October 21, 1955.

Mr. Earl Bergmann Sealy, Inc. 666 N. Lake Shore Drive Chicago 11, Illinois

#### Dear Earl:

A letter with I received from Jack Metcalfe today concerning the trade between Louisville and Bluefield seems to confirm the information that I had been given when I came here. We note from his copy that Clay and Knox Counties were to become a part of Louisville territory and Johnson and Magoffin Counties become a part of the Bluefield territory.

We are in full agreement on this and this letter should be filed to that effect.

Yours truly, Sealy Mattress Co., William A. Edie, Sales Manager.

# [fol. 743E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 382

October 11, 1956.

Mr. E. M. Wuliger Sealy Mattress Company 2841 East 37th Street Cleveland 15, Ohio

#### Dear Ernest:

This morning's mail brought forth a letter from Bernie Kegan advising me that he was withdrawing his application for procuring the Orlando franchise. I have a feeling this was the result of my statement that the purchase of the plant at the price paid by Sealy, Inc. would only be half of the requirement, and that at least an additional \$50,000.00 in cash would have to be shown as available for immediate advertising and merchandising of Sealy.

Your interest in procuring this franchise is the only remaining one to be considered. Possibly before you leave on your European trip with your lucky dealers you may want to start preparing data which will be necessary for submission to the board when you make formal application for the franchise. The board will require two (2) things. First, a schedule of the stockholders and the proposed management and, second, which will be of even more importance, a financial statement of the funds which will be placed in this corporation to handle the Florida requirements.

The present contract held by the Sealy Mattress Company of Florida specifies the addition of a physical plant in the Miami area if the sales there are not sufficient to meet the potential. The Miami area is considered to be all counties south of and including Martin, Glades and Charlotte.

This writer would like to see you consider the Georgia

territory as a separate and distinct one at the same time you make formal application for the Florida territory. As I have pointed out to you previously, this Georgia territory will definitely require that a physical plant be located in Atlanta. Said plant must be of such size and scope as to be favorably compared with the very large and fine plants operated in Atlanta by Simmons and Southern Bed Spring Company.

[fol. 744E] Very truly yours, Sealy, Incorporated, E. H. Bergman.

EHB:jk

cc: Members of Executive Committee.

# [fol. 745E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 383

May 11, 1956.

Mr. Louis J. Gross Sealy Mattress Company 481-485 St. Paul Street Rochester 5, New York

#### Dear Louis:

As you know I have just returned from the annual meeting of the Board of Directors for Sealy, Inc. During the review of the Booz, Allen and Hamilton report a discussion arose concerning the recommendations of the management consultants concerning the realinement of territories in order to obtain complete coverage. It was pointed out that many licensees are not exploiting all their territory, and an effort should be made to have them relinquish such territory that they are not utilizing to the fullest possible extent. A motion made by M. A. Kaplan and seconded by J. R. Rudick and unanimously approved was:

### Resolved:

That the executive office immediately set up machinery to work with all licensees not presently achieving 80% of par in all major divisions of their territory in order to either (A. offer every assistance to such licensee to enable such licensee to bring about such better development,) or (B. obtain voluntary relinquishment of the undeveloped territory for realinement,) and (C. to make a semi-annual report to the Executive Committee of the Board disclosing the progress resulting from such efforts, and all legal steps be taken to continue and implement the program so as to bring about complete nationwide development).

In conjunction with this resolution by the Board, there was submitted by the writer a schedule of the 1955 Annual Sales Analysis for each territory, and in this connection the sales for the western section of your territory showed a deficiency of \$216,241. In other words the territory embracing the city of Buffalo was only producing at the rate of about 40% of its expected sales.

[fol. 746E] It should be quite obvious to you in face of the extremely low rate of performance for the Buffalo section of your territory that some immediate action must be taken by you and your partner to eliminate the situation now existing there, or you will find that the Board of Directors will insist upon the surrender of that portion of your territory in order to make it possible to realine the territory and install a licensee who is in a position to put forth a more vigorous selling effort.

The writer is not familiar with the status of your sales representatives, but it is quite obvious that either you do not have the right type of salesmen representing the Buffalo territory or you do not have adequate salesmen stationed there. I believe I am not entirely incorrect when I say the time is rapidly approaching when you and Myron must make a decision regarding what you are going to do with the Buffalo section of your territory if you intend to retain it as a part of your Sealy licenses.

I would like to hear from you relative to this matter and ask that you give this problem some very serious thought because it affects you and your Sealy contract.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

## [fol. 747E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 384

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

May 23, 1956.

Mr. E. H. Bergmann, President Sealy, Inc. 666 Lake Shore Drive Chicago 11, Illinois

#### Dear Earl:

Bill Edie tells me that in a recent telephone conversation you mentioned the possibility of some territorial adjustments. We would like to get our hat in the ring for a little more territory which we feel would work to the advantage of Sealy National as well as ourselves.

In Kentucky we feel that our logical western boundary should be Kentucky Lake. In other words, our western boundary to coincide with the western side of Livingston, Lyon, and Trigg Counties. We also believe that our southern Indiana territory should be strengthened by the addition of Vigo County (Terre Haute). If you will examine a map of these two states, I think you will agree.

The cream of Indiana is of course from Indianapolis north. The southern part (except for Evansville and Terre Haute) is very sparsely inhabited. We now have Evansville, but not Henderson which is just across the river from it. In our present Kentucky territory, we feel that a better job could be done, but there isn't enough potential to justify adding another salesman.

With the additions we are requesting, we would add

another salesman, and be able to do a more intensive

selling job all around.

Our Redding Div. salesmen, as you know, have also been trying to sell the products of our Light Metals Div., although this has not taken over 10% of their time. It was recently decided that Light Metals should employ separate salesmen. This change will be made as promtply as practical, giving us men who are 100% bedding (and dual-purpose) salesmen. About 90% of our overall bedding sales are Sealy.

[fol. 748E] We have steadily improved our production facilities both for mattresses and Con-Sealy units.

Your records indicate the progress we have made in the past year and a half, both from the standpoint of increase over previous sales, and in relation to our quota. We believe this progress merits the small additional territory we are asking.

Your comments will be appreciated.

Yours truly, Sealy Mattress Co., Carter, President.

E.C.Logah/b

### [fol. 749E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 385

June 4, 1956.

Mr. E. C. Logan Sealy Mattress Company 1115 Franklin Street Louisville 6, Kentucky

#### Dear Carter:

It was nice to receive your letter of May 23 because I always enjoy hearing from you regardless of what the subject matter may be.

The conversation with Bill Edie relative to the possibility of some territorial adjustment was one of those off the cuff conversations relating to a subject of which this office is constantly aware, namely, the relinement of territories between contiguous plants for the over-all betterment of the national picture, the specific improvement of one plant, the avoidance of any harm or penalty to the plant being asked to cooperate with the national office in facing up to the realistic facts concerning sales performances.

Unfortunately, all territories are under contract which requires voluntary acquiescence to any suggestions of relinement. This writer over a period of years has found this to be a most difficult problem. It can be compared to the child who has three large lollypops the size of which is such that she cannot put more than one in her mouth and, therefore, the other two virtually are of no particular value to her, but you know how kids are, try and get them to give up anything that they have. The similarity might sound strange, but that is exactly the same position I find myself in when I ask any Sealy licensee to relinquish a little piece of territory regardless of how miserable a job they may be doing in it. We work constantly at the problem, and it is surprising how many little adjustments of a

county or two are made each year because of the gentle negotiations going on at all times to improve the national position with no particular harm to any one individual

operating unit.

[fol. 750E] Right at the present moment I do not have anything I can offer as a possibility, but I will keep in mind your suggestion about the three counties mentioned as the western boundary in Kentucky. Likewise, we will keep in mind the suggestions relative to Henderson and Terre Haute. I hope sometime to be able to accomplish something which will be pleasing to you.

Any time you happen to be in Chicago please drop by

and pay us a visit.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

[fol. 760E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 386

SEALY SOUTHEAST

"Sleeping on a Sealy is like Sleeping on a Cloud"

P. O. Box 2847 354 S Parkway West Memphis 2, Tennessee

June 8, 1956.

Mr. E. H. Bergmann Sealy, Inc. 666 North Lake Shore Drive Chicago 11, Illinois

### Dear Earl:

Since we have advised you that we will give up the State of Georgia as of July 1, we do not wish to be represented at the High Point Market.

With best regards, we are

Sincerely yours, Edgar C. Haas, Sr. President, Sealy Southeast.

DBE/g

### [fol. 761E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 387

June 12, 1956.

Mr. Edgar C. Haas, Sr. Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

### Dear Edgar:

This letter acknowledges receipt of your letter of June 8 relative to your desire to assign back to Sealy, Inc. the

state of Georgia as of July 1, 1956,

On behalf of the corporation may I thank you for the return of this territory which can be reassigned to some manufacturer located within the state, or to someone willing to locate within said state. This is undoubtedly a must for the successful carrying out of what you and I know to be a difficult problem.

Edgar, I would like to arrange to see you during the coming market. At that time we can leisurely discuss a number of problems relative to the overall Sealy picture as related to the Memphis operation. If you feel fit to the task, I would like to invite you to have dinner with me some evening. We can discuss problems relative to the amiable operation of Sealy in which we both have a mutual concern and possibly arrive at a solution. I would be happy to discuss this at any time which might be convenient to you.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

o[fol. 762E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 388

June 25, 1956.

Mr. Joseph F. Haas First National Bank Building Atlanta 3, Georgia

Dear Joe:

In reply to your letter of June 19th relative to Slumber Products Corporation, and the possible loss of royalties, please be advised that it is understood that the Memphis interests are to continue to ship merchandise into Georgia as before, paying royalties until such time as we definitely have the territory under contract either to an existing plant or one to be erected. I think this will cover the matter of any loss of a large portion of the royalties which have come from that point in the past.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/sm

### [fol. 763E] IN UNITED STATES DISTRICT COURT'

### GOVERNMENT'S EXHIBIT No. 389

### SEALY OF THE CAROLINAS

"Sleeping on a Sealy is like Sleeping on a Cloud"

Lexington, N. C. Telephone 3572

August 27, 1956.

Mr. E. H. Bergmann Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

### Dear Mr. Bergmann:

I doubt seriously that anything can ever be done about this matter. However, I pass it to you in the sincere belief that the action requested would be in the very best interests of Sealy, Incorporated.

We refer to the northeastern part of North Carolina, starting with Vance County, going through Warren, Halifax, Nash, Edgecombe, etc.

In the first place, our television coverage over Greenville, North Carolina, at which point we have our fullscale warehouse doing more than \$200,000 business each year, covers not only our own Sealy territory, but a good part of the territory outside our franchise, immediately to the north. In fact, Pitt County, in which Greenville is located, is one of the northernmost counties in our franchise.

In the second place, our salesman, Mr. B. W. Haithcock, whom we are sure that you know, resides in Henderson, North Carolina, which itself is in Vance County. We sell a great deal of Peerless mattress Company merchandise in that county and otherwise in the Haithcock territory.

In the third place, our television coverage over Station WFMY-TV, Greensboro, North Carolina, two nights per week, helps the other licensees materially in view of the

fact that Guilford County is one of the northernmost counties in our territory. It is directly beneath Rockingham County.

[fol. 764E] We are concerned particularly with the counties in North Carolina which are served by the Richmond plant. I suppose that there will never be any chance of Lexington's being able to serve any or all of those North Carolina counties, but I say to you in all sincerity that Lexington can do a much better job in that territory than is presently being done. We say this in spite of the fact that our own television coverage principally over Greenville, North Carolina, and also over Greensboro, North Carolina, is contributing materially to the buildup of the Sealy name in that territory.

I do not want to be put in the position of asking for someone else's territory. However, it has occurred to me that this might simply be held in the back of your mind in case such action may become feasible at some time in the near future.

With kind personal regards,

Yours very truly, Sealy of the Carolinas, J. V. Moffitt, Jr.

[I think I would buy the franchise for those counties if that ever becomes feasible.]

JVMjr/eg

### [fol. 765E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 390

August 29, 1956.

Mr. J. V. Moffitt, Jr. Sealy Mattress Company Lexington North Carolina

#### Dear Joe:

This acknowledges receipt of your letter of August 27 relative to the North Carolina counties which are being serviced by the Richmond plant.

I agree with you that there is little that can be done at the present time, but inasmuch as there is the possibility of a complete change in Richmond management we may be able to work something out.

I will not forget your suggestion. I will drop a line to the Baltimore plant telling them that if they are successful in their efforts to take over the present Richmond operation that they give consideration to your request.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

### [fol. 766E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 391

August 29, 1956.

Mr. J. R. Rudick Sealy Mattress Company 2307 Hollins Street Baltimore 23, Maryland

#### Dear Joe:

This letter may not be necessary because it has to do with the possibility of your acquiring the Richmond license contract. As this letter is being dictated we do not know if you are going to be successful in acquiring the contract.

For sometime I have been after Sidney to divorce himself of a few counties in North Carolina which should go to the Lexington plant. As a matter of fact Sidney admits he does virtually no business there, and has not been servicing the counties. He maintains he does business strictly on an intra-state basis in order to get around the union situation.

If you do work out an arrangement whereby you will be taking over the Richmond operation, I would like to suggest that for the good of the cause you submit these counties to the corporation for re-assignment to the Lexington plant.

> Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

## [fol. 767E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 392

#### SEALY OF THE CAROLINAS

"Sleeping on a Sealy is like Sleeping on a Cloud"

### Telephone Chestnut 6-2357 Lexington, N. C.

November 23, 1956.

Mr. E. H. Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago 11, Illinois

### Dear Mr. Bergman:

We may be premature in this suggestion and further the idea may be entirely out of line, but we have been thinking about this matter and have decided to write.

The Sealy Mattress Company of Richmond holds the following counties in North Carolina, their January 1, 1956 BPI being indicated alongside.

	, ,	
Vance County		011
Warren		005
Northampton		007
Gates		
Paganotenb		
Pasquotank		
Currituck		
Perquimans		
Chowan		0041
Hertford		000
Bertie		0076
Halifax	49 /	0100
Nash		
Edgecomb		0215
Edgecomb	***********	0193
Martin		
washington		0046
Camden		0016
		.;0010
Total		1996

The total January 1, 1956 BPI for North Carolina is 1.7385. The total for South Carolina is .8860. The total of the two is 2.6695. The Richmond territory in North Carolina, as above, is .1336. The Bluefield territory in North Carolina, which we will not list at this time, is .1559. Deducting the Richmond and Bluefield from North Carolina BPI and adding the total South Carolina BPI, we come to our own net BPI of 2.3800 for the territory. [fol. 768E] Our sales par for 1956 is \$902,392.00, this based on the BPI of 2.3800.

This assumes a sales par of \$379,156.30 for every 1.000 of BPI.

On that basis, the Richmond PAR based on their .1336 of BPI, for the North Carolina territory, would be \$50,655.28.

This sales par times the royalty of 2.5% would be \$1,266.38. Our proposal is that we would pay Sealy Mattress Company of Baltimore \$7,500.00 for their franchise in the North Carolina counties, which would amount to approximately 6 years royalty on their 1956

sales par for that particular territory.

We may be foolish in making this rather considerable offer. However, with our warehouse set-up in Greenville, N. C., which is right at the northern tip of our own North Carolina eastern territory, and with our television coverage out of the Greenville television station, we find that our salesman for the eastern Carolina division is somewhat handicapped by his territory, for Sealy purposes, being entirely south of the warehouse and television location.

We have noted recently in one of the newspapers that, under the reorganization of the Richmond plant, only upholstered furniture will be produced at that point, all mattresses being produced in Baltimore.

This is quite important in view of the fact that the territory about which we are talking, in eastern Carolina, is not upholstered furniture territory. You are not going to sell any sleepers in the territory which Sealy Mattress Company of Richmond holds in North Carolina.

By the same token it is going to be difficult to serve this territory out of Baltimore, Maryland with bedding production. Finally, there is this one point. There are no real cities in this Richmond territory in North Carolina. Joe Ruddick is a city boy. I have an idea that we, being North Carolinians, and having dealt with these people through 54 years as Peerless Mattress Company, may be able to take up and push the Sealy product far more in this territory than it could possibly be pushed by a Virginia or Maryland concern.

Although the figures for Richmond sales in North Carolina have never been published, we are inclined to believe that those sales have never remotely approached \$50,000.00 in any one year. It may be that we could never get that much out of this one territory but it certainly would round out our territory from the standpoint of warehouse location, salesman's effort, and television coverage.

[fol. 769E] If I am out of line with any of the above, please simply drop the matter and advise me. If, on the other hand, you think that this may make sense to Joe Rudick, please approach him with this offer.

Try not to hold the fact that we are not up to par in South Carolina against us. We are going to bring that state up to par within the next year. This will not be true for 1956 but I think we will do it in 1957. And please remember, we are not asking for this Richmond territory to be given to us, we are offering to pay for it.

With kind personal regards, .

Yours very truly; Sealy of the Carolinas, Inc., J. V. Moffitt, Jr.

jvm jr/bm

[fol. 770E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 393

Mr. J. V. Moffitt, Jr. Sealy Mattress Co. P. O. Box 598 Lexington, N. C. November 27, 1956.

Dear- Joe:

The writer has carefully reviewed your letter of November 23rd relative to the portion of North Carolina contained in the old Richmond territory and notes your offer to purchase it.

Personally, I think you are extremely liberal in your offer, however I am afraid that even with your liberal offer, I may not be able to prevail upon Joe Rudick to

give up the territory.

During the meetings just past, I did not have much of an opportunity to talk to Joe because he had to return to Baltimore before the Licensee Meeting in order to go on the cruise they had arranged for their dealer-winners. I did have just a few minutes to mention to him the possibility that I might be able to get him some compensation for the territory, and I also pointed out to him I thought that logically, you could do much better than he could. I must admit, however, Joe did not show too much enthusiasm.

Mr. Rudick is going to meet me in Cleveland on my next trip to Massillon, Ohio, which I expect to make shortly after I return from my vacation on December 15th. I shall make it a point to discuss this matter with Joe at that time and see if I cannot sell him on what I consider to be a very liberal offer. I will keep you

advised.

[fol. 771E] In conclusion, may I say that I am happy to note your determination to crack South Carolina to the extent of meeting par in 1957. More power to you and I hope that you will be successful. I have a hunch you will.

Very truly yours, Sealy, Incorporated, E. H. Berg-man.

### [fol. 772E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 394

November 27, 1956.

Mr. Joe Rudick Sealy Mattress Co. 2307 Hollins St. Baltimore 23, Md.

#### Dear Joe:

Some time ago, I spoke to you concerning my thoughts on the proper transfer of the counties which you have in Northeastern Carolina to the Lexington territory. I still think that I am right.

The buying potential for these 16 counties is .1336. This indicates there is nothing in the way of a sizeable town in the entire territory and collectively, it amounts to a very small potential of business.

If you attempted to figure out the par for these counties in North Carolina, I think you would find that it would be somewhat less than a maximum of \$50,000.00 a year. This amount of sales figured for royalty on the basis of 2.5% would indicate that the most royalty this segment of territory could produce would be somewhere in the neighborhood of \$1200.00 a year.

Joe, I have been talking to Joe Moffitt about these counties, and I have received from him an offer of \$7500.00 for this territory. To me, this is a fantastic offer because it is more royalty than this territory could earn in the next six or seven years.

Between now and the time I see you in Cleveland next month, I would like to have you give serious thought to my suggestion that you avail yourself of this opportunity and transfer this territory to the Lexington contract. Frankly, I think you are going to have a terrible time trying to sell furniture and give service on bedding in that territory from Baltimore.

[fol. 773E] Also, I have a feeling that these North Carolinians would prefer to do business with another North Carolinian rather than somebody from Virginia or Maryland. I think the records in Richmond will show that Sidney did virtually nothing down there, and if the truth were known, the main reason for it was that these Carolinians simply will not buy from anyone except a Carolinian.

Anyway, give some thought to it and you and I will discuss it further when I see you in Cleveland next month.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:me

Date: Nov. 12, 1943

By: -

[fol. 774E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 395

SEALY COMPANY OF THE SOUTHEAST

Inter-Factory Correspondence

To: Mr. W. J. Craig

From: J. R. Haas

Subject: -

Sealy, Inc.

666 Lake Shore Drive

Chicago, Illinois

Re: Shipments into open territory

Dear Mr. Craig:

What we want is a report of shipments made into any open territory by the concern mostly closely located to

the territory to serve it.

I am entirely willing for Chicago to serve South Dakota or for Des Moines to serve South Dakota, whichever one is the closest, for Milwaukee to serve Wisconsin, but I definitely want a report of the cutside service on a separate report from the territorial service and the 2% bracket of course paid on this outside service.

Again if this service is rendered by anyone in the Sealy Group, I should be advised of the situation so that I will know that it handled in accordance with the way I want it handled. If I am the President of the Corporation and responsible for its actions I want to know what the Corporation is doing.

If the matter is in South Dakota and Mr. Kaplan has the opportunity of selling a car in South Dakota, there is no objection to him doing so provided it is handled on a separate report at the end of the month.

Kind regards, Sealy, Inc., J. R. H.

[fol. 775E] GOVERNMENT'S EXHIBIT No. 396

#### SEALY COMPANY OF THE SOUTHEAST

Inter-Factory Correspondence

Date: Nov. 8, 1943 By: —

To: Mr. W. J. Craig From: J. R. Haas

Subject: -

Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

Dear Mr. Craig:

I'm not going to give Chicago or anyone else permission to ship merchandise into unfilled territories without defi-

nite agreement with them.

You say in case a buyer assembles a carload of merchandise in Chicago for shipment to a territory not covered by a Sealy plant that it could be handled by Chicago. Not without special permission. We want to know exactly who sells merchandise to any unfilled portion of the territory.

The U. S. Bedding Company is shipping into North Carolina and part of South Carolina on the old grants where it owned North and South Carolina. It is not shipping merchandise in any other territory. Neither do I want any of the Sealy Group to be shipping merchandise into a territory that is not covered by some factory unless we have special permission to work that territory.

Will you please let them be a little more definite in this

situation ?

Kind regards, Sealy, Inc., J. R. H.

JRH:op

### [fol. 776E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 397

July 31, 1944.

Sealy Mattress Company Liverpool, Preble & Franklin Streets Pittsburgh 12, Pennsylvania

Attention: Mr. Bill Llewellyn

#### Dear Bill:

At the Market you waited on Mr. T. H. Shirk of Davis and Company, Cambridge, Ohio, and you gave him one of your price lists which is slightly different from ours, and has caused quite some confusion with this account. We are enclosing our price list, and as you will note, we do not make a quantity deal on any of the Sealy Products.

I am trying to straighten this misunderstanding with Mr. Shirk, as our Mr. De Haven is in Cambridge every month and we don't want to do anything to jeopardize this account. We will, in the future, have to be very careful with these border accounts so that we won't have a repetition of this.

With kindest personal regards, I am.

Yours very truly, Sealy Mattress Company, Herbert H. Neilson, Sales Manager.

HHN:bdm

[fol. 777E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 398.

SEALY MATTRESS COMPANY

Liverpool, Preble and Franklin Streets Zone 12, N.S., Pittsburgh, Penna.

August 7, 1944.

Mr. Herbert Neilson-Sales Manager Sealy Mattress Company 4851 Spring Grove Avenue Cincinnati, Ohio

#### Dear Herb:

At the Market I waited on Mr. T. H. Shirk of Davis and Company, Cambridge, Ohio, and spent not five minutes or fifteen minutes with him but at least two half-hour periods, maybe even more. I felt reasonably convinced, that, while he did not give me an order, Mr. Kountz, who has called on this man occasionally in the past, would receive an order on the occasion of his next visit this month.

After receiving your letter, I checked our Sealy territory and found that the Counties representing our border line of territory are: Washington, Morgan, Muskingum, Guernsey, Hamson, Carroll, Columbiana, and Mahoney. Since Cambridge is in this territory, I would appreciate your instructing our good friend, Mr. De Haven, to refrain from showing Sealy merchandise in our licensed Sealy area.

What you say about being careful concerning border accounts is true; and I will certainly consider it my responsibility, as I hope you will too, to keep you informed of our Sealy activity and the representation we make to our Sealy dealers concerning this line. I am putting your Company on our Sealy mailing list and all mailings will be marked for your attention.

It was nice to visit with you, even if for such a short time in Chicago, and I wanted to tell you before that your remarks at the Sales Meeting were very acceptable. Do not pass up the opportunity to see us if you ever get close to Pittsburgh.

Sincerely yours, Fort Pitt Bedding Company & Sealy Mattress Company, By (Signed) W. W. Llewellyn, Jr.

WWL/mc

### [fol. 778E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 399

#### SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Cincinnati, Ohio
Telephone Kirby 4860
4851 Spring Grove Avenue
Plant at Franklin, Warren County, Ohio

August 9, 1944.

Mr. John Brody, Vice-President Sealy Mattress Company 666 Lake Shore Drive Chicago, Illinois

#### Dear John:

I have run into a little difficulty with Pittsburgh, with one of our good accounts, Davis and Company of Cambridge, Ohio.

It seems like Bill Llewellyn worked with this account in Chicago, for Mr. Kountz, and he left with Mr. Shirk, of the Davis Company, their price list, which as you know, is entirely different than ours; as they show a twelve piece discount and a twenty-four piece discount, and pay P.M.'s on all numbers from the Texlan up.

I received a modest order from Davis Company of six pieces at Pittsburgh's low down price which is \$20.40, less \$1.00 P.M., and I in turn, returned this to the Davis Company of Cambridge, advising them that we did not have a quantity discount on Sealy Tuftless Mattresses. Then, I wrote a letter to Bill Llewellyn, copy of which I am also enclosing to you, he, in turn, comes back to us this morning, that this territory definitely belongs to Pittsburgh. According to our map, this County has

definitely been assigned to us. I will let you tactfully straighten it out for us.

With kindest personal regards, and waiting to hear from you, I am.

> Yours very truly, Sealy Mattress Company, Herbert H. Neilson, Sales Manager.

HHN:bdm

Encls.

[fol. 779E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 400

August 9, 1944.

The Sealy Mattress Company Liverpool, Preble and Franklin Streets N.S. Pittsburgh 12, Pennsylvania

Attention: Mr. W. W. Llewellyn, Jr.

Dear Bill:

In reply to your letter of August 7th, there is evidently some mistake in several of the Counties that you mention that belong to Pittsburgh. In these border Counties, Mr. Brody assigned us Gallia, Meigs, Athens, Morgan, Noble, Muskingum, Guernsey, and we have consistently worked this territory since we started in business January 21, 1943.

I am sending a copy of this letter to John Brody, so he in turn can straighten this thing out, as I have just finished reading our Contract, and this would make Cambridge our division line.

Again thanking you for your prompt reply, and assuring you of our co-operation at all times, and with kindest

personal regards, we are,

Yours very truly, Sealy Mattress Company, Herbert H. Neilson, Sales Manager.

HHN:bdm

cc: John Brody.

### [fol. 780E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 401.

September 23, 1944.

Mr. Herbert H. Neilson Sealy Mattress Co. 1125 Bank St. Cincinnati, Ohio

#### Dear Herbert:

Your letter of Aug. 9 along with carbon copies of correspondence concerning the boundary line in Ohio or the Sealy plants at Cincinnati and Pittsburgh came to the office of the writer during his vacation. The correspondence was forwarded and held by the writer for recheck during a four-week trip I then made between Boston and Baltimore. Coming into Chicago last week for a Director's meeting, I dug into this matter and can report only as follows:

The original and official contracts covering the Sealy territories, including the territories in Ohio of Sealy at Cincinnati, Sealy at Cleveland and Sealy at Pittsburgh are all in Memphis for safe deposit in the custody of the president of Sealy, Mr. J. L. R. Haas. In case of conflicts between Sealy manufacturers on territory, the contracts speak for themselves. I hope this little territory misunderstanding will not have to go to Memphis for arbitration, and the attached copy of my letter to Pittsburgh may settle the matter between you and Pittsburgh without necessity of reference to the contracts.

Here in Chicago, Mr. Craig and the writer have marked maps, checked and rechecked in conformity with data gleaned from the contracts when the contracts were in Chicago, and rechecked against data on territory relayed to headquarters from Memphis, after the transfer of contracts to Memphis. The records of Mr. Craig and the maps indicate the following: Morgan, Muskingum and

Guernsey Counties in Eastern Ohio are not in the territory of Sealy at Pittsburgh, and are in the territory of Sealy at Cincinnati. The City in dispute to which you refer in your correspondence is Cambridge, Ohio, which is in Guernsey County, and therefore belongs to you in line with our understanding at Chicago of your contract.

I am sending copy of this letter to Pittsburgh and trust my investigation clears up the situation. I hope you hear from Pittsburgh confirming same, if not, you will have to refer the matter to Memphis. I believe this will be unnecessary. It is my pleasure to cooperate and try to clarify this misunderstanding for the benefit of yourself and Pittsburgh.

Kindest personal regards.

Sincerely yours, Sealy, Inc., J. M. Brody, Jr.

JMB:d

### [fol. 781E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 402

September 23, 1944.

Ohio Boundary Line of Sealy at Cincinnati & Pittsburgh

Mr. J. R. Hans J. M. Brody, Jr.

Dear Mr. Haas

When we were in New York, I told you I was receiving correspondence from Sealy at Cincinnati and Sealy at Pittsburgh, with reference to the City of Cambridge in Guernsey County, Ohio, where a misunderstanding developed regarding an account at that point. It was necessary for me to fully check into our records and maps to accurately arbitrate this matter.

When I got to Pittsburgh, I further discussed the subject and left it open to be handled upon my return

to Chicago.

This day I carefully checked with Mr. Craig our maps and records, accordingly I wrote to both plants as per attached copies of correspondence. I sincerely trust I have handled same to a conclusion and that the matter will not be referred to you. At least I have been thorough and diplomatic in my entire handling of this territory dispute. Personally I do not believe it to be serious. Definitely, according to our records here in Chicago, Cincinnati is in the right and Pittsburgh is in the wrong. This for your information.

Sincerely, —, —

JMB:d

# [fol. 782E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 403

September 23, 1944.

Mr. W. W. Llewellyn, Jr. Sealy Mattress Co. Liverpool & Franklin Pittsburgh, Pa.

#### Dear Bill:

I received a copy of your letter of Aug. 7 to Mr. Herbert Neilson of Sealy at Cincinnati, and at the same time I received copies of letters of July 31, 1944 and Aug. 9th, 1944 from Sealy at Cincinnati to you. All of this correspondence refers to the boundary line in Ohio of the Sealy plants at Pittsburgh and Cincinnati, in line with the records of Sealy Inc. taken from the actual contracts covering the territory.

Hereto attached is a copy of my letter to Mr. Neilson in this connection and same is self-explanatory. I am likewise sending him a copy of this letter to you in the hope that thru my correspondence you will adjust this misunderstanding. Otherwise there is nothing further the writer can do in the matter and Cincinnati and Pittsburgh will have to refer to Memphis and to the signed contracts covering the situation. I hope you can write me that based upon your recheck of your contract reference to Memphis will be unnecessary.

Specifically yours of Aug. 7th to Cincinnati states that the following counties in Ohio are in your territory: Washington, Morgan, Muskingum, Guernsey, Harrison,

Carroll, Columbiana and Mahoney.

You are exactly right, so far as Washington, Harrison, Carroll, Columbiana and Mahoney Counties are concerned. On the other hand, you are definitely mistaken, in accordance with the official records of Sealy territory here at headquarters so far as Morgan, Muskingum and Guernsey Counties are concerned. These three counties were not

the territory of Sealy at Pittsburgh and they were open territory belonging to Sealy Inc. Therefore these three counties were definitely assigned by Sealy Inc. to Sealy at Cincinnati.

Cambridge. Ohio happens to be in Guernsey County, and must therefore be considered Cincinnati territory unless are records are in error, which the writer does not believe to be the case. We trust therefore you will cooperate and confirm same direct to Cincinnati after rechecking your records, and thus avoid reference and the burden of arbitration to Mr. J. R. Haas. Personally, as you know we at headquarters can simply refer to the records in these cases and in that manner try to settle matters from our records by correspondence.

Kind regards.

Sincerely, Sealy, Inc.

TMB:9

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### [fol. 783E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 404

September 28, 1944.

Mr. J. R. Haas

Dear Mr. Haas:

In making our recent mailing of broadsides mailing list, we went through them as fast as possible. Since then, we have had a chance to do a little checking but do not feel that we will ever have a 100% accurate check. However, I do find some towns covered by both Portland and Denver, also some dealers in Nevada on the Los Angeles list.

I also find four cities in Kentucky in which it appears that both Memphis and Cincinnati are covering. These are:

Sommerset
Williamsburg
Harrisburg
Danville
Lawrenceburg
Winchester.

What do I do in a case of this kind, or do I do anything?

Kindest regards.

Yours very truly, Sealy, Incorporated, W. J. Craig.

WJC:HS

[fol. 784E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 409

September 16, 1949.

Sealy Mattress Company 2841 East 37th Street Cleveland, Ohio

Attn: Mr. Ernest Wuliger

Dear Ernest:

As you know, we have entered into a contract with the Super Rest Products Corporation of Rochester, New York, to serve the western part of New York state. I notice that you have been selling a small amount of Sealy merchandise in that area, and I trust you have made arrangements to withdraw your representation effective October 1, 1949.

Anything you can do to help the new fellows over in Rochester will be appreciated by all members of Sealy.

Best regards.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:d

## [fol. 785E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 410

May 27, 1950.

Air Mail

Mr. Earl H. Bergmann Sealy Mattress Company 2841 East 37th Street Cleveland, Ohio

#### Dear Earl:

I am writing this letter to you regarding the situation we are again confronted with in the State of Idaho with deliveries of Sealy Mattresses, made by the Denver Plant, to accounts who are in direct competition with our established Sealy Dealers in that territory. I thought, from the information received from you as well as that received from the Denver Plant, that this business had ceased and we have again begun making efforts to thoroughly cover that territory and, after this has been done, the Z.C.M.I., who, are jobbers from Salt Lake City, are still delivering Sealy Products into that territory, particularly, to those towns where we have sound established accounts.

Nampa, Idaho, from Halliday Furniture Company, who have been a good Sealy Account for over thirty years and they are terrifically excited because of Sealy Merchandise delivered to Hale Furniture Company, of that city, to whom we have not been selling. Frankly speaking an account like Halliday Furniture Company while they are not a tremendous volume account have been, all through the years, the most loyal to Sealy. We have from time to time sent you some of the fine publicity Sealy has got through that source and when Mr. Halliday called me, regarding this instance, and expressed his indignity towards us—frankly, I couldn't blame him one bit. Now, I don't know what you want to do in this

matter—but, once and fer all, you must step in and straighten this thing out, because if it isn't, I hereby put myself on record, that beginning with the Seattle Market, which will be held on July 10 for the Northwest Territory, to open Sealy Accounts in the States of Utah and Montana. I would therefore appreciate hearing from you in this respect so I can guide myself accordingly.

[fol. 786E] Your prompt reply in this matter will be appreciated.

Very truly yours, Sealy Mattress Company, Ben Rosenfeld.

BR/mc

cc: Mr. J. R. Lawrence—Chicago, Mr. Louis G. Haas—Memphis, Sealy Mattress Co.—Denver, Mr. Carl Halliday—Nampa.

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# [fol. 787E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 411

Sealy Mattress Company 38-42 Everett Street Allston 34. Massachusetts

November 16, 1951. Dict. 11/15/51.

Attention: Mr. I. A. Wiener

#### Dear Isadore:

It is my understanding that the Pinault Furniture Company of Pawtucket, Rhode Island is running ads on Sealy merchandise that they obtain from their store located in Attelboro, Massachusetts. If this is true, it is necessary that you immediately notify Pinault that this is not permitted and in accordance with your contract, can be assessed against you at the rate of \$10.00 for each mattress that they so advertise and sell.

One of the ads that has been called to my attention is their advertisement of the so-called latex rubber In-pac mattresses that you have been selling at \$29.95. Certainly, there is no reason why any customer in the Rhode Island territory should be advertising this mattress.

It is also my understanding that while the Waterbury plant is selling the Pawtucket, Rhode Island store that this store also gets mattresses from the Attelboro, Massachusetts store and that there have been occasions where the Pawtucket store had advertised resale Sealy items which were not purchased through Waterbury but came from your plant through Attelboro. This again is not according to our agreement to work with each other, and if it is true, it will be necessary for you to take immediate steps to discontinue this practice on the part of Pinault.

I wish you would write me fully concerning this matter because I am not entirely clear in my thinking concerning it.

Very truly yours, Sealy, Incorporated, E. H. Berg-

[fol. 788E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 412

Dict. 1/4/52. January 8, 1952.

Sealy Mattress Company 38 Everett Street Allston 34, Massachusetts

Attention: Mr. J. L. Wiener

#### Dear Jerry:

I received a pencil notation from one of the salesmen in the Waterbury plant telling me that you personally were in the Stone Furniture Company in Melford and that you tried to sell them Sealy merchandise and the idea that you would ship these goods to another store in your territory and then it could be reshipped to Melford.

It seems that you told him the reason you were doing this was because you were able to sell Sealy items cheaper than the Waterbury plant.

Jerry, I don't know what the full facts are concerning this matter, but if you did what you are accused of doing, I want to tell you that you are going to be in serious trouble in Sealy because we are not going to tolerate that kind of tacties within this family.

Will you please advise me fully as to your side of this accusation 7

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

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Very train some, Senv. Innormated, R. H. Rerg.

July 24, 1952.

[fol. 789E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 413

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Los Angeles 44, California Telephone Pleasant 2-3773 5810 South Normandie Avenue

Mr. E. H. Bergmann Sealy, Incorporated 2012 West 25th Street United Office Building Room 418 Cleveland 13, Ohio

Dear Earl:

It is with a great deal of reluctance that I present the following problem to you as President of Sealy Incorpated. Before mentioning the problem, let me advise you that we have made previous attempts to solve this problem on an intra-plant level, but without success.

I will attempt to state the facts as impersonally as possible. The problem you are asked to decide is whether or not there has been an infringement of California Sealy's territorial rights by the Chicago licensee.

The facts are that the Los Angeles plant through their sales representative, Walter Creelman, worked on the specifications and samples for mattresses and boxsprings for the Corona Naval Hospital at Corona, California. They had previously purchased our Natural Rest and had contacted us for the same type bedding.

Lieutenant Smith of the Corona Naval Hospital accepted and approved our regular Natural Rest mattress and boxspring, again substituting only an 8 ounce ACA tick instead of the Opal tick which we were then using. Our regular price list cost in April and May of 1951 for the

Natural Rest was accepted at \$32.25 each piece for approximately 300 mattresses and 300 boxsprings—all twins.

We were advised that our confirmation and purchase order would be sent to us as soon as possible during the middle of May as the merchandise was needed in a hurry.

A week or ten days passed and no purchase order had been received so we called Lt. Smith and to our surprise, he advised us that Sealy had already received the order. We got lost in government red-tape trying to track he order only to discover that Mr. Mier Kaplan of Chicago, who was visiting in California at the time, remarked that they had shipped a nice order to the Corona Naval Hospital on government bid.

[fol. 790E] Mr. Mier Kaplan explained to us, after I hit the ceiling, that they got a request for bid on very sketchy specifications from the Brooklyn Naval Depot and they had received the bid award. He assured us that it was not our Natural Rest order as nothing specific relating to specifications were sent to their Chicago plant and that by no means had they shipped Natural Rests into California.

After contacting Morrie Kaplan by phone, he advised me that he was unaware of the facts and proceeded to get them second hand from his father and Ed. Siegal. His attitude was that his father and Ed. Siegal insisted this was merely a general open specification bid and there was nothing he could do about the matter.

The question of infringement came up only after we discussed nearly a year later that the Corona Naval Hospital did actually receive Natural Rest mattresses and boxsprings. The mattresses have Natural Rest silk labels with the retail prices blocked out and law labels and shipping tags clearly marked Seaty Natural Rest, Required number 297-3079/51 which Lt. Smith assures us were our specifications on the Natural Rest which he had approved.

This new evidence was presented to Chicago this past June and the same vague answer and denials were made. The question is then clear: is not the selling and shipping of labeled resale merchandise into another licensee's territory an infringement under our contracts? Please attempt to decide this problem on the facts and the legal provisions of our contract.

I am enclosing copies of correspondence and specifications which we sent to Corona Naval Hospital during our negotiations for this job, outlining specifically our regular Natural Rest specifications and price list costs. Also shipping tags taken off the merchandise received from Chicago by the Corona Naval Hospital are enclosed.

If you as president, cannot iron this out before the Board Meeting, perhaps you would like to put it on the agenda for the next board meeting.

[fol. 791E] This as you well know, involves a gross profit of approximately \$30.00 a set or roughly about \$9,000, based on our costs of \$33.75 for each set and they were sold for \$64.50 per set.

Yours very truly, J. J. Willens, General Manager, Sealy Mattress Company of Southern California.

Enclosures

CC: M. Kaplan JJW/hb [fol. 792E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 413-A

July 29, 1952.

Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

Attention: Mr. M. A. Kaplan

# Dear Morry:

I have before me Joe Willens letter of July 24, together with work ticket taken from a mattress and a shipment ticket taken apparently from a shipment of mattresses from your plant to the Corona Naval Hospital at Corona, California. I note that you were sent a copy of this letter.

Having handled 21 cases before the Grand Jury today hardly qualifies me to handle this case because I am only experienced in hearing the states side. In hearing cases presented on that basis it appears to me that you are guilty of a felony and that California has you over a barrel so to speak.

In Sealy, of course, we would hear the defendants side of the case so I am going to stray from my Grand Jury techniques and permit you, the defendant, to present proof that you are innocent of the charges made against you.

Morry, laying all jokes aside lets got this ironed out at intra-plant level so as to avoid airing at a board or committee meeting. Lets clean it up next week when I will spend 3 days in the Chicago office.

Very truly yours, Sealy Incorporated, E. H. Berg-

EHB/dla

# [fol. 793E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 413-B

Sealy Mattress Company 5810 S. Normandie Avenue Los Angeles 44, California

Dict. -8/25/52. August 26, 1952.

Attention: Mr. J. J. Willens

# Dear Joe:

Morry Kaplan and I discussed the Corona Navy order with Mr. Seniel Ostrow.

I went over to Morry's office and reviewed the entire file on this matter, and I find that this is a case that possibly could be argued either way. The original order as confirmed to the Chicago plant did not indicate in any way that this was an order for Sealy Natural Rest Mattresses. There were a number of other bids on this order, of which your plant was not present. This would tend to indicate that it was not an order that originated possibly in some Sealy plant.

The mere fact that the merchandise was delivered out of the Chicago territory with Sealy labels affixed and other Sealy identification used, of course, would fall within the meaning of the violation of the Sealy contract where the tentative clause is stated of being an assessment of \$10.00 per mattress by Seally, Inc., who in turn, if they collect same, are to pay it to the damaged plant.

It is my suggestion to you that you get in touch with Morry Kaplan and work out some kind of a deal with him to cover the commission that would go to Walter Creelman and, also, the percentage of bonus that you would get on the set sales of this particular order. It seems to me that this might be an amiable way of closing the case.

Personal regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

#### EHB:ht

cc: M. A. Kaplan

## [fol. 794E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 414

Diet, 12/5/52. December 8, 1952.

Sealy Mattress Company 933 North Halsted Street Chicago 22, Illinois

Attention: Mr. M. A. Kaplan

### Dear Morry:

I have just concluded reading your letter of December 3rd regarding the Pearson ad as I commented on in my letter of November 28th. I assure you that I understand fully the difficulty that must be experienced in trying to hold retailers in line to our policies which I also know are not too compatible to the freedom of action which a lot of fast operators personally desire.

The mere fact that this fellow told your salesman that he was going to run the ad is not sufficient to justify their breaking a gentlemanly understanding with you, which could only be the case, because of discussion that

you had with him on the previous occasion.

Morry, I am wondering if under the circumstances of this dual operation of stores that it might not be well to consider the possibility of a swap of some territory with Louisville in order to put Richmond in your territory and possibly give Louisville some other territory that you have in and around the fringe of the Louisville territory. I am, of course, not familiar with the volume of business that you are doing on the bordering counties with Louisville, but it may be that this is a possible solution.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:ht

# [fol. 795E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 415

Diet. 3/30/53. March 31, 1953.

Mr. M. A. Kaplan Sealy Mattress Company 933 North Halsted Street Chicago 22, Illinois

### Dear Morry:

Some time ago I spoke to you about the possibility of your trading Richmond, Indiana and the County within which it is located for possibly the County embracing Terre Haute. This suggestion was made in order to eliminate a situation which is becoming very embarrassing in the Leuisville territory owing to the activity of a dealer of yours in Indianapolis by the name of Pearson who has a store in Richmond, Indiana

It now develops that Pearson has a store in Terre Haute which eliminates the possibility of a swap but another development is coming up owing to Pearson having purchased a store in Columbus, Indiana. This town is located in a County which is too deep from the territorial line. In other words, there is a County between the line which divides your territory and Louisville. Obviously, Sealy merchandise getting into that town could be very very disturbing.

I do not know whether you are making direct shipments into Richmond or not, but it occurs to me that if you are you should immediately take steps to have your shipping department notified to cease making the shipments because of the provision of the contract, because you know that we are not permitted knowingly to make shipment of goods even to a dealer if we know that they are going to be transported into another territory for sale. This, of course, would also apply to your warehouse in Indianapolis.

I have suggested to Harry Forbes that he make a trip to Chicago and discuss this matter personally with you rather than with Mac. I am sure that the two of you can work out something whereby we will be able to solve a problem which cannot be left to self determination because it will get worse and not better unless we take definite steps to correct or to control the situation. [fol. 796E] After you and Harry have had an opportu-

nity to discuss the matter, I would like to have a note from both of you as to how you have worked out the matter so that I may be guided accordingly.

Regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHBehlt.

cc: H. L. Forbes.

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### [fol. 797E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 415-A

#### WESTERN UNION

W. P. Marshall, President

MAY 11, 1953.

HARBY B FORBES
LOGAN COMPANY
SEALY MATTRESS COMPANY
1115 FRANKLIN STREET
LOUISVILLE 6 KENTUCY

CHICAGO PLANT HAS BEEN ADVISED AGAINST SHIPPNG SEALY PRODUCTS INTO YOUR EXCLUSIVE TERRITORY EXPECT DEFINITE ACTION TODAY

SEALY INCORPORATED E. H. BERGMANN PRESIDENT

[fol. 798E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 415-B

#### WESTERN UNION

W.,P. Marshall, President

MAY 11, 1953.

MR M A KAPLAN SEALY MATTRESS COMPANY 903 NORTH HALSTED STREET CHICAGO 22 ILLINOIS

IMPERATIVE FOR YOUR OWN PROTECTON THAT ALL SALES OF SHIPMENTS OF SEALY PRODUCTS DIRECT OF INDIRECT TO PIERSON IN RICHMOND SEYMOUR COLUMBUS AND FRANKLIN INDIANA CEASE AT ONCE LOUISVILLE LICENSE HAS FORMALLY ASKED FOR ACTION UNDER PARAGRAPH 4 PART 4B AND PARAGRAPH 5 PART A AND B PLEASE WIRE LOUISVILLE TODAY OF YOUR ACTION ON THIS MATTER

SEALY INCORPORATED E H BERGMANN

# [fol. 799E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 416

Mr. Bergmann:

May 12, 1953.

The following telegram was received this morning from Louisville, Kentucky:

"DISAPPOINTED TERRITORIAL TERMS OUR CONTRACT NOT BRING RESPECTED WAYNE JOHNSON JACKSON BARTHOL-OMEW COUNTIES INDIANA PLEASE ADVISE"

R S Logan.

[fol. 800E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 417

LOGAN Co.

Since 1876 a Louisville 6, Kentucky Bedding Division

May 12, 1953.

Mr. E. H. Bergmann, President Sealy, Inc. 2012 W. 25th Street United Office Bldg. #418 Cleveland 13, Ohio

Re: Wayne, Johnson, Jackson, Bartholomew Counties Indiana.

### Dear Earl:

This confirms our telephone conversation of Monday

night, May 11th.

For quite some time we have tried to work with the Chicago factory concerning their merchandise being sold in Pearson's Richmond, Indiana, our territory.

On March 30th, I telephoned you that Pearson's had bought stores in three more of our counties and we probably could expect trouble. I asked you to intervene for me.

You in turn wrote the Chicago factory on March 31st

but asked me to see the Chicago factory and try to work out something.

I talked with Morry on April 3rd about the problem

and was assured it would be worked out.

On April 8th Morry wrote me that Pearson's had been advised not to put any Sealy merchandise in Columbus, Indiana. Also he advised that Mac would be in Chicago the following week and the matter would be handled—nothing has been done. These seem to us to be the facts:

1. Pearson's have no respect for territorial lines.

2. Pearson's pay no attention to pleas by the Chicago factory.

3. Encroachment on our territory cannot be stopped until Sealy, Inc. steps in.

# [fol. 801E] These are facts:

1. Pearson's ran a \$20.00 trade-in deal on a "Genuine Sealy innerspring mattress" on May 7th in the "Evening Republican" Columbus, Indiana.

2. We have a very good account in Columbus most

upset.

3. The Indiana territory has been messed up for three years. First the Maish Company now two Sealy factories servicing the same towns.

# Therefore we expect and deserve the following:

1. That the Chicago factory cease its flow of Sealy merchandise into our territory.

2. That they remove all Sealy merchandise of their manufacture from all points in our territory immediately.

3. That they be put on notice we expect the contract clause of \$10.00 per item enforced from May 11th.

Please pardon this lengthy letter.

We have been most patient but our patience is now exhausted. We request official action by Sealy, Inc. immediately.

Very cordially yours, Harry L. Forbes, Sales Manager.

HLF:mh

[fol. 802E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 417-A

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Chicago 22, Illinois Telephone Michigan 2-2050 903-933 North Halsted Street

May 13, 1953.

Mr. E. H. Bergmann Sealy, Incorporated 2012 West 25th Street Cleveland, Ohio

Dear Earl:

Your telegram today, from Toronto, Canada, was anticlimatic. I had received a telephone call from Henry Lipson yesterday, who told me that he had received a call from Harry Forbes with reference to the matter discussed in your wire.

We called Pearson's at Louisville yesterday, and the general manager there advised us that orders had been sent out to the four stores involved, asking that they do no advertising or selling of Sealy merchandise until such

time as they would be so advised.

As I explained yesterday in the letter sent to Harry Forbes, one of the store managers, taking the merchandiser which comes out from the main office of Pearson's in Indianapolis, either knowingly or without such knowl-

edge, ran an ad anyway.

We called Pearson's again today, and asked that they again specifically telephone each of the four store managers to refrain from any advertising until such time as we make arrangements to meet. I have already advised Harry Forbes that we have a meeting set up in Chicago on May 22nd, at 12 o'clock noon, with the Pearson group

4

and have invited him to come in and see if it is possible to work out a mutually satisfactory arrangement. If it is not, we are perfectly willing to give up the Pearson business.

This represents all that we can do at this time. Should there be a repetition of an ad between now and May 22nd, [fol. 803E] I must state now that there is nothing available for us to do, and if Louisville wishes to take action under Paragraph 4, Part 4-B, and Paragraph 5, Parts A and B, they can do so.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

MAK:mk

cc: Harry Forbes, Louisville, C. B. McGillivray.

# [fol. 804E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 418 ..

#### SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Chicago 22, Illinois Telephone MIchigan 2-2050 903-933 North Halsted Street

May 15, 1953

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland, Ohio

#### Dear Earl:

I received a copy of letter addressed to you, dated May 12th, from Harry Forbes, Sales Manager of the Sealy Plant in Louisville.

As indicated previously, we have requested Pearson's in Indianapolis, both by long distance and confirmation by telegram and letter, that they distribute no goods in the four cities involved. We have also asked them to make sure their managers do not use their mat service already in the hands of such managers. Of course, I have reference only to Sealy items appearing in their mat service.

Before things get too far in this situation, I want to clarify a few things in Mr. Forbes' mind.

When he says Pearson's have no respect for territorial lines, he must remember that no retailer can ever quite understand Sealy's situation with reference to having two factories serve the same dealer. We have been through this with the Leath situation, recently with St. Paul, and again recently with Des Moines where circumstances were such that they serviced an account that we had developed, made a fine presentation for, only to have them walk in at the propitious moment, write a large order and distribute

from their central warehouse in Davenport into our territory in Illinois. This has been going on for several years now with this particular account. Frankly, I don't know what the solution is going to be. You may recall that I had suggested this territory, if possible, be developed for a licensee right in Davenport because the river, which now separates the Iowa and Illinois territory, is an artificial [fol. 805E] barrier from the point of view of economics of distribution in the territory. Most stores have operations in the Tri-Cities and can't understand why their branch store can't be serviced by their main warehouse.

The statement that Pearson's pay no attention to pleas by Chicago may or may not be true. Their operations are such that it is difficult for them to live up to such a

plea by us.

Pearson's running a \$20.00 trade-in deal is within Sealy's rules and principles of discount merchandise. This was a \$59.50 mattress value, less \$20.00 allowance for trade-in. This is just an attempt by Pearson's to circumvent the agreed principle in Indianapolis not to use price comparatives.

The Chicago factory is not now nor has it been shipping merchandise directly into the Indianapolis territory.

We cannot remove Sealy merchandise of our manufacture from points beyond our territory and do not intend to do so.

Should further merchandise be distributed from anybody in Indiana or another point into areas beyond our own, on or after May 11th, we will attempt to request such distributor to refrain from so doing.

Should, however, such goods be distributed beyond our territory by distributors now located in our territory, and should Louisville or any other licensee choose to execute their contract clause, we would be very happy to defend such a suit, should Sealy Incorporated or Licensee choose to bring one.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

#### MAK:mk

cc: Harry Forbes-Louisville, C. B. McGillivray,

# [fol. 806E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 419

Diet. 5/19/53. May 20, 1953.

Mr. M. A. Kaplan Sealy Mattress Company 933 North Halsted Street Chicago 22, Illinois

# Dear Morry:

I find upon my return from Canada your letter of May 13 relative to the Louisville incident, and in one way I can agree with you that the telegram which I sent from Toronto, Canada as being somewhat anticlimactic. I say that it was somewhat anticlimactic because I knew from a telephone conversation held with Harry Forbes in Toronto that he had spoken to Henry Lipson and he, in turn, to you and that the meeting with Pearson on the 22nd was known to me in that way. On the other hand, Morry, it's not anticlimactic because this was not a case of defending from the important to the trivial.

This matter has been growing in magnitude for some time and, if my memory is right, has been going on for nearly six months or more, and as I pointed out in my letter on March 31st, procrastination would not solve the problem.

When I spoke to Harry Forbes in Toronto he was quite exercised and, apparently, was being told what to say by either their attorney or Mr. Logan himself. He spoke about the penalty under the contract, and I know well enough that that did not come from Harry Forbes and must have represented a reading of the contract and study of same by some legal mind and, therefore, I was quite concerned because of the danger to you.

My main reason for sending the wire to you was to put you on a rather abrupt notice of the danger with which you were confronted because I did not want to see a guy who I have great personal admiration for, and to whom I am indebted in many ways, and one whom I consider a most personal friend, to get hurt in a matter like this

which could be very serious.

Another reason for the wire was that I told Harry Forbes that I felt that inasmuch as this matter had been permitted to go along more or less on an unsettled basis and somewhat with an indefinite basis of understanding [fol. 807E] so far as Richmond was concerned in the first place, that the penalty clause should not be considered as applying until there had been some definite notice given of a date beyond which the situation would not be tolerated. This date was agreed on as being May 11th.

Your telephone calls to Pearson on May 12th and again on May 13th, I believe, should eliminate any further advertisements of Sealy merchandise within the Louisville territory. My statement to Harry Forbes that the contract clauses should not apply until after May 11th will result in elimination of any further controversies or penalties because of Sealy merchandise being sold and

delivered into the Louisville territory.

I hope that the meeting of May 22nd will clear this matter of contention from the records completely and in connection with that meeting, Morry, I want to point out to you in all frankness that the crux of the entire affair is the fact that Sealy merchandise is going into the Louisville territory from your plant and that in order to protect yourself you must see to it that no more merchandise bearing Sealy labels crosses the line of demarkation of the two territories. I know what these problems are and I hate like the devil to have to suggest that it may be necessary to give up selling merchandise to Pearson, but such is the nature of our contracts and you and I know that within the Sealy contract it is not possible for a licensee to be everything to every person. It is a rather tough penalty but there isn't much that you and I can do about it.

In conclusion, I still believe that it might be possible for some sort of a switch to be made with certain counties so as to eliminate the Pearson matter. However, on the other hand, if Pearson is going to continue to expand further and further into southern Indiana there may be only one final solution, and that is no further sales to

Pearson of Sealy goods. I know you will handle it correctly. I'm awful sorry that the matter has come up and I know you realize that I am more or less in the middle on the entire deal.

Personal regards.

Yours very truly, Sealy, Incorporated.

[fol. 808E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 420

May 19, 1953.

Mr. Harry M. Forbes Sealy Mattress Company 1115 Franklin Street Louisville 6, Kentucky

Dear Harry:

The controversy between the Louisville and Chicago Plants over Pearson's sale of city merchandise is having full attention of the national office.

It is my understanding that a conference has been set up with the principals of Pearson's on May 22nd and that you have been invited to attend this

that you have been invited to attend this meeting.

This office does not know whether a middle of the

This office does not know whether a middle of the road program can be formulated or not, but every effort should be made to work out an arrangement that will be satisfactory to all concerned. Such an arrangement could hardly be devised without the active participation of principals from your Company.

This letter requests that this meeting be attended by your people and that every effort be made to come to a satisfactory conclusion. May I point out this one admonition, namely, selling of Sealy merchandise is the primary

purpose of our association with each other.

Very truly yours, Earl H. Bergmann.

EHB/dg

ce to M. A. Kaplan

[fol. 809E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 421

Mr. H. L. Forbes Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky Dict. 5/19/53. May 20, 1953.

## Dear Harry:

The writer is back from Canada and has been reviewing your letter of May 12th relative to the Chicago incident of Sealy merchandise being channeled thru Pearson's into the Louisville territory.

A wire was dispatched by the writer to the attention of Mr. M. A. Kaplan of the Chicago plant telling him that all sales and delivery of merchandise into the Louisville

territory must cease as of May 11th.

I have also been reviewing a rather lengthy letter from Mr. Kaplan on the subject and he points out that the meeting of May 22nd has been set up with Pearson and that you have been invited to attend with the idea of trying to work out something that would be amiable and agreeable to all.

Mr. Kaplan also points out to me that he spoke to Pearson's on May 12th and again on May 13th asking specifically that no merchandise whatsoever of Sealy nature be advertised or handled by any of the stores within the

Louisville territory.

It is my feeling that the matter will be concluded satisfactorily to all concerned on May 22nd. It is also the feeling of the writer that there will be no further occurrence of advertisements or handling of Sealy merchandise by any of these stores until after the May 22nd meeting, at which time something concise, undoubtedly, will be worked out on a satisfactory basis one way or the other to all concerned.

[fol. 810E] Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:hlt

## [fol. 811E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 422

January 14, 1954.

To: Mr. E. H. Bergmann

#### Dear Earl:

Mr. Ralph Swearingen of the Louisville plant was in my office yesterday and brought up the matter of the Pearson. Stores of Indianapolis, Indiana selling and delivering Sealy merchandise in the towns of Seymore, Franklin and Richmond, Indiana. It seems that the program that was supposed to have been worked out with the Chicago plant is not operating due to several things.

Mr. Swearingen says he is not properly advised by the Chicago plant regarding promotions that are going to be run, and he has difficulty getting answers to his inquiries to that plant. He was invited to participate in one promotion of 92 pieces, but since it was of a type of construction and ticking that he did not carry he asked the

Chicago plant to go ahead and fill the order.

What is more disturbed to him than anything else is that the stores in those owns are of the second-hand nature, and the sale of ally products thru those outlets has threatened to move am out of the accounts he is now selling in those towns. He has a very good account in Seymore that is about to leave him due to the fact that he cannot control the promotions that are being advertised by the Pearson Store in Seymore.

I, frankly, do not know what the answer to the situation is. I asked him to give me the volume of business he has done in those towns so that perhaps we can measure it against the volume of business that Pearson does in those towns. It may be that if the volume that Pearson does is of little consequence we could get them not to ship Sealy merchandise from Indianapolis to stores in those towns.

Pearson has a store in Columbus, Indiana which they are not shipping Sealy merchandise to due to the fact that

the Louisville plant took a very strong stand against it. They have quite a valuable account in Columbus that is giving them a very good volume.

I don't know what the situation is with Pearson or what their reaction would be if you asked them not to ship to Columbus, Seymore, Franklin and Richmond. I understand that Pearson now operates 19 stores and is on an aggressive program of buying up rundown furniture stores in towns all over Indiana and trying to bring them back to life. If they pursue this program they will have more and more stores in the Louisville area.

Mr. Swearingen is quite disturbed about the matter as it is affecting his handling of accounts all thru Southern Indiana and apparently he has not been able to work anything out with Mr. McGillivray of the Chicago plant. I am sending a copy of this letter to Joe Haas in Atlanta and also to Morry to see if one of us can't come up with some idea as to a solution to this problem.

J. R. Lawrence.

# [fol. 812E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 423

January 26, 1954.

Mr. Harry A. Kaplan Sealy Mattress Co. 903 Halstead St. Chicago 22, Illinois

# Dear Mr. Kaplan:

I was informed this week that Pearson store in Colum-

bus, Indiana had Sealy merchandise.

This has never been cleared with Columbus as we have one of our best accounts in this area and he has never agreed that Pearson's should handle Sealy merchandise. Today, I have talked with Mr. Roger Lawrence regarding our territory and I am awaiting a reply from him as to the action which he and Mr. Earl Bergmann will take. It seems that it will be impossible for us to work along the lines that you suggested to Mr. Bob Howard and I when we were in Chicago. Furthermore, we do not run the promotions that you run in your plant and the advertising is somewhat different and we feel it is hurting our territory very much, especially Buchanan-Jones.

· We ask that you have this merchandise removed from this store at once and await an answer from Mr. Berg-

mann and Lawrence regarding the territory.

Best regards.

Yours very truly, Logan Co., Ralph B. Swearingen, Sales Manager.

S:m

# [fol. 813E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 424

Mr. J. R. Lawrence, Vice-Pres. Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

January 26, 1954.

## Dear Roger:

When I was in Chicago I was talking to you regarding

trouble we were having with the Chicago plant.

At that time you asked me to give you the three towns that Pearson's were delivering to in our territory. They are as follows: Buchanan-Jones, Columbus, Indiana; North Vincennes Home Furn., Vinconnes, Indiana; Gree-

mann Furniture, Seymour, Indiana.

The volume for Buchanan-Jones for 1953 was \$18,714.75; for North Vincennes Home Furn. \$979.90 and Greemann Furniture in Seymour \$2,961.40. Last week we found out that Pearson's were delivering merchandise to their store in Columbus, Indiana. This is the one town that we demanded Chicago to stay out of because we feel Buchanan-Jones has done a very good job for us and he will not go along with a store like Pearson's which is in Columbus and handling Sealy merchandise. So we feel and know we will lose Buchanan-Jones if this continues. As you told me in our meeting, we have full say in our territory. So as of this date, I am asking you to advise Chicago to stay out of our territory which is Indianapolis south. We have tried to work out something but it has proved everything but satisfactory.

I also discussed with you that promotions that we run and the promotions that Chicago runs are a lot different. Therefore, we are not able to offer as many as the Chicago plant. We feel that this is hurting us very much and that is the reason for this letter. We would appreciate hearing from you at once on action to be taken.

Yours very truly, Logan Co., Ralph B. Swearingen, Sales Manager. [fol. 814E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 425

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

January 26, 1954.

Sealy, Inc. United Office Bldg. Room 148 Cleveland 13, Ohio

Attention: Mr. Earl H. Bergmann, Pres.

### Dear Earl:

I understand that at this time you are on a vacation and hope you are enjoying yourself very much. The reason for this letter is regarding the Pearson chains in Indianapolis.

We have asked the Chicago plant not to deliver in Columbus, Indiana as this week I was informed that Pearson store in Columbus had Sealy merchandise in their window. As I have discussed with you, we have one of our biggest accounts in this area, Buchanan-Jones, who ran \$18,714.75 for the year 1953 and we feel, the same as Mr. Jones, that he has taken Sealy in Columbus and has done a very outstanding job. He does not want Pearson's, which is very much of a second hand store as far as Columbus is concerned, handling a line like Sealy.

He feels he has accomplished the ground work and is now in a position to enjoy some nice volume which is profitable to both himself and the Logan Co. I ask that you have Chicago withdraw this merchandise from this store as soon as possible.

Firl, I am sure this set-up with Chicago will never work and I am wondering how much authority we have

in our territory. Chicago runs a lot of promotions that we are unable to make and we feel that it is hurting us in other areas. We would appreciate hearing from you at once.

Yours very truly, Logan Co., Ralph B. Swearingen, Sales Manager.

S:m

[fol. 815E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 426

January 28, 1954.

Mr. Ralph B. Swearingen Sealy Mattress Company 200 Cabel Street Louisville, Kentucky

Dear 'Mr. Swearingen:

Mr. Kaplan gave me your letter of January 26th for

reply.

The two executives at Pearson's are out of the city and are not expected back until Saturday or Monday (January 30th or February 1st).

I will call them with reference to the Columbus, In-

diana store, upon their return to the city.

It is not going to be very easy at this point to tell them to remove goods from Columbus after we reinstated Sealy goods in that store at the instructions of Harry Forbes. Forbes' instructions were later confirmed by Leon Prising who also indicated it was satisfactory to ship.

Nevertheless, we will do all we can.

Very truly yours, C. B. McGillivray, Sales Manager, Sealy Mattress Company.

CBM:H

cc: M. A. Kaplan, J. R. Lawrence, E. H. Bergmann.

[fol. 816E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 427

WESTERN UNION
W. P. Marshall, President

8 15/54.

M. A. KAPLAN, SEALY MATTRESS CO., 903 N. HALSTEAD ST., CHICAGO, ILLINOIS

RALPH B. SWEARINGEN, SEALY MATTRESS CO., 200 CABEL ST., LOUISVILLE, RY.

REQUEST MEETING ON PEARSON MATTER CHICAGO OFFICE FRIDAY FEBRUARY 12TH 9:30 A.M. LETTER FOLLOWING

EARL BERGMANN SEALY INC.

[fol. 817E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 428

#### WESTERN UNION

W. P. Marshall, President

CAJ164 6 COLLECT=WUX LOUISVILLE KY 8 126PMC-

SEALY INC, ATT RABL H BERGMANN=

1954 FEB 8 PM 3:04

WILL ATTEND MEETING FEB 19=

R B SWEARINGEN LOGAN CO=

# [fol. 818E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 429

February 5, 1954.

#### Air Mail

To: Mr. M. A. Kaplan Sealy Mattress Company .903 N. Halstead Street Chicago, Illinois

> Mr. Ralph B. Swearingen Sealy Mattress Company 200 Cabel Street Louisville, Kentucky

#### Gentlemen:

The writer dispatched a telegram to your attention as follows:

Request meeting on Pearson matter Chicago office Friday February 12th . 9:30 A.M. letter following.

The writer appointed a special committee of seven members, with general counsel, Joseph F. Haas acting as chairman, for the purpose of recommending proposed technique in situations that and/or could arise contrary to the provisions of the Sealy contract identified as Articles III:6 and IV:4.

These proposed techniques are in formulation for submission to the Board of Directors for purpose of specific adoption.

The writer desires to act in advance to Board considerations of these techniques in regard to the difficulties arising out of the expansion of the Pearson chain of stores. The proposed technique will be followed, which generally speaking is as follows:

1. Sealy should sponsor a meeting of the affected Licensees. (The meeting of Friday is for the purpose of fulfilling step one.) 2. At the meeting Sealy and the affected Licensees should endeavor to work toward a satisfactory agreement of mutual handling.

3. If an agreement is reached it should be reduced to

simple writing and signed by all affected.

4. If an agreement cannot be reached, the President must rule whether the action complained of as being contrary to the Sealy Contract and compliance date set for the offending Licensee.

5. If either of the Licensees involved are not in agreement with the executive ruling, the matter must then be referred to and reviewed by the Grievance Committee. Said Grievance Committee to render full report and recommendations to the Board of Directors for final decision.

Please advise the writer in care of his Chicago office as to your ability to attend the proposed meeting. At the attendance of the meeting please have in attendance such personnel who can deal with the subject both as to facts and as authority for final agreement.

Very truly yours, Sealy Incorporated, Earl H. Bergmann.

EHB/dg

ce: Mr. J. F. Haas.

[fol. 820E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 430

Dict. 3/13/54. March 15, 1954.

Mr. C. B. McGillivray Sealy Mattress Company 903 North Halsted Street Chicago 22, Illinois

#### Dear Mac:

You did not get to me the figures on Pearson's relative to the Louisville matter as you promised me this week.

I had a discussion with Mr. R. S. Logan relative to their contract and the possibility of renewal. This took place in our office on Thursday morning, March 11th.

One of the things that he confronted me with was an ad by Pearson in Columbus on March 3rd on a mattress at \$36.00. This broke two days after Louisville had distributed thru Buchanan the Sealy colored mailer. I need not tell you what a stink it has caused.

Frankly, Mac, I am getting a little on edge because of the slowness of the Chicago plant in getting this mess cleaned up and I dislike very much being kept in hot water here trying to be a good fellow and work out problems that, if it's necessary for me to go strictly according to the contract, are going to hurt somebody and that somebody is the Chicago plant. I feel that we must have action and I've got to get this thing cleaned up satisfactorily before the Board of Directors meeting even if I have to make a ruling that the contract has been violated. So, govern yourself accordingly and as one salesman to another, get the lead out and get this job behind us.

Regards.

Yours very truly, Sealy, Incorporated, E. H. Berg-nann.

terms ( Marie and

EHB:hlc

#### [fol. 821E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 431

To: Mr. M. A. Kaplan Sealy Mattress Co. 903 N. Halsted St. Chicago 22, Illinois Dict. 2/15/54. February 16,,1954.

Mr. R. B. Swearingen Sealy Mattress Co. 1115 Franklin St. Louisville, Ky.

#### Gentlemen:

The writer wishes to take this opportunity of complimenting you two gentlemen on the very cordial discussion held with the writer in his office on February 12th on the subject of the Pearson chain of stores and the resultant problem which it has created for the two plants listed above.

This writer believes that certain benefits came from this meeting in ideas and suggestions and possibly, also, we have found common ground upon which we can solve the present difficulty with resultant lack of loss on the part of the Chicago plant and a positive gain on the part of the Louisville plant.

My notations and mental recollections are that we have agreed on the following seven steps.

1. The Chicago plant is to ascertain immediately the number of pieces sold and the dollar and cent volume to Pearson during the year 1953. This record is to show a breakdown by Sealy resale items and also promotions.

2. The Chicago plant is to ascertain the exact amount, if possible, of the pieces sold and the dollar value that actually went into stores located within the Louisville territory. If the exact pieces and dollar volume cannot be ascertained then the Chicago plant is to obtain from Pearson's a percentage of the business that they feel was consumated within those stores.

3. Based upon the total volume of pieces in dollars and cents done by Pearson with the Chicago plant during 1953 the Louisville plant is to be guaranteed at least a 10% greater volume than one-half of the 1953 volume for the first six months of 1954. It is understood that if this program is placed into effect that each six months the figures will be re-analyzed and the totals for the next six months determined.

[fol. 822E] 4. The resale pieces which are to be assigned to the Louisville plant are to be delivered and charged to the Chicago Sealy warehouse and are to be subject to a normal warehouse charge to be

agreed upon later.

5. The promotional pieces that are to be assigned to the Louisville plant are to be delivered and charged by

Louisville direct to Pearson.

6. Recognizing that to handle the Pearson stores within the Louisville territory as requiring a change in the exclusive dealerships now maintained by Louisville. It is agreed that if this arrangement is placed in effect that Sealy, Incorporated is to send Roger Lawrence to explain the new policy to Louisville's customer, The Buchanan-Jones Company of Columbus, Indiana. This being the largest store involved it was thought well to have someone from the executive office approach the dealer and explain him the reasons for the non-continuance of the exclusive dealerships.

It is agreed that the seventh and final step is that all of this data is to be prepared and submitted to the writer prior to his next visit to the Chicago office on March 8th.

The writer would appreciate having this information forwarded to his Cleveland office as quickly as possible together with your individual reactions to same.

Yours very truly, Sealy, Incorporated, E. H. Berg-mann.

#### EHB:hle

ec: C. B. McGillivray, J. F. Haas.

# [fol. 823E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 432

April 2, 1954.

#### AGREEMENT

Between Sealy Mattress Company of Chicago and Sealy Mattress Company of Louisville, Ky., Re: Pearson's Furniture and Music Company of Indianapolis, Indiana.

1. The Chicago plant has ascertained the number of pieces sold on the dollars and cents volume sold to Pearson's Furniture and Music Company during the year 1953.

This record has previously been presented and shows the breakdown of Sealy Resale and Promotional items.

- 2. The Chicago plant has ascertained the number of pieces sold and the dollar value that actually went into the stores located within the Louisville territory.
- 3. The dollar volume ascertained for these stores was \$7,264.50. The Chicago plant guarantees to the Louisville plant, during the first six months of 1954, that Louisville will receive at least 50% of this volume plus a 10% bonus.

It is understood that if this Program is embraced by both factories, that after six months the figures will be re-analyze I and the dollars for the ensuing six months determined.

- 4. The Resale pieces which are assigned to the Louisville plant are to be delivered and charged to the Chicago Sealy Warehouse and are subject to a nominal Warehouse charge of 5%.
- 5. The Promotional pieces assigned to the Louisville plant are to be delivered direct to the Pearsons' Warehouse but charged to the Sealy Mattress Company of Chicago, who will bill these goods to the Pearsons' Furniture and Music Company. (If Louisville is unable to build any of the Promotional Effort required, Resale pieces may be substituted in a like dollar amount ... delivery to be dictated by the Chicago factory).

6. Sealy Incorporated recognizes that if Louisville agrees to handle the Pearsons stores as suggested, it will require a change in the exclusive dealership now maintained by Louisville.

It is agreed that if this arrangement is placed in effect that Sealy Incorporated will cooperate in every way possible to make this change-over as convenient and intelligent as possible and it should lead to ultimate increased business in the Sealy Louisville territory.

Sealy Mattress Company of Louisville, \_\_\_\_, \_\_\_\_

[fol. 824E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 433

Mr. C. B. McGillivray Sealy Mattress Company 903 North Halsted Street Chicago 22, Illinois Diet. 3/21/54. March 22, 1954.

#### Dear Mac:

When I wrote you my letter on March 15th and told you to get the lead out and get the controversy between Chicago and Louisville cleaned up I did not realize that it would have such electrifying effect upon you that one day later you would come forth with the data we have been seeking. Congratulations, and I think you have done a very thorough job and for that you should be complimented.

This letter is being written while en route on a plant visit to our Southeastern plant and I do not have the past correspondence and data with me and for that reason I am at a loss to be able to follow all of the points that you have set forth in your letter. Particularly am I referring to the last paragraph on page two relative to the guarantee of 50% plus an allowance of 10%. I do not remember this 10%.

Mac, I'm sending a copy of this letter to Ralph and inasmuch as I will not be back at my Cleveland office until Friday, March 26th, I would like to have you two boys reduce this agreement to writing and have it in my hands by that time so that I can approve same and have it finalized prior to the April meeting of the Board of Directors. Incidentally, I will be in the Chicago office on Monday, March 29th. Any further questions regarding the finalizing of this matter and the reducing of the understanding and its handling could probably be discussed by you and me on that date.

Regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:hlc

ec: Reigh Swearingen.

# [fol. 825E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 434

SEALY MATTRESS COMPANY
Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

March 25, 1954.

Sealy, Inc. Mr. E. H. Bergmann United Office Bldg. Room 418 Cleveland 13, Ohio

#### Dear Earl:

I have your letter of March 22nd addressed to C. B. McGillivray in which you mention you do not remember the guarantee of 50% plus an allowance of 10%. It was my understanding when we had the meeting in Chicago that we would be assured a guarantee of 10% greater volume in the first six months of 1954 over the first six months in 1953. Also, we were to be given the amount of business in dollars and cents done in 1953 and deliver to Chicago warehouse in Indianapolis and charge this merchandise direct to Chicago with a 5% warehouse charge on all merchandise. However, the 5% charge was to be on resale items. I have received a letter from Mr. McGillivray along with an order for 80 pieces of Posturepedics to be shipped and charged to the Chicago plant but shipped to the Indianapolis warehouse.

His letter mentions that Pearson's wanted us to ship all promotional items to their warehouse but we are to charge the Chicago plant for any promotions instead of direct to Pearsons. This is a change from what we discussed at

the meeting.

Last week when Mr. Lawrence visited with Buchanan-Jones in Columbus, he did an excellent job in getting over to Buchanan-Jones the Sealy policy and I think we will be able to continue selling this account although the volume may drop for a few months but I believe we can handle it from this end since Roger did such a fine job. Earl, there is one thing I am puzzled about. When we stopped by the Pearson store in Columbus and had a talk with their store manager, he advised us he sold and sent in his report to Indianapolis stating he disposed of over 400 pieces in 1953. Now the Richmond store is much larger than all the other stores in our territory and I received a report and letter from Mac stating all the stores in our territory only sold a total of 311 pieces. This is a little confusing to me and I would like for you to discuss with Roger our conversation with the Pearson store manager in which he said he sold over 400 pieces. I don't know how this can be checked but I do know we should be given credit for all merchandise sold in our territory.

[fol. 826E] According to this letter and the store manager's conversation, I do not feel this is all the merchandise which was sold in Southern Indiana by Pearsons stores. Of course, the only thing I have to go on is what the store manager in Columbus told Mr. Lawrence and I.

Inasmuch as Mr. R. S. Logan is out of town at this time, we are holding Chicago's order for 80 pieces of Posturepedic until I discuss this with him.

I will advise you at a later date.

Very yours truly, Ralph B. Swearingen, Sales Manager.

S:m

# [fol. 827E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 435

April 2, 1954.

Mr. Ralph Swearingen Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

# Dear Ralph:

On March 16th, we wrote a letter to Mr. Earl Bergmann of Sealy Inc., with a copy to you which gave a complete run down and analysis of the business done with Pearson Furniture and Music Company in Indianapolis, Indiana.

I have not yet heard from you whether this arrangement is now satisfactory and if the Louisville factory of Sealy and the Chicago factory of Sealy are now in perfect agreement.

Mr. Bergmann wrote me on March 22nd asking me to further spell this arrangement out and put it in the form of an agreement and have it in his hands in a finalized form in time for a meeting of the Board of Directors in Miami, Florida.

I further conferred with Mr. Bergmann on Monday, March 29th and enclosed you will find a copy of the Agreement which Mr. Bergmann has asked for. We are

sending four copies direct to Mr. Bergmann.

Also, at the suggestion of Mr. Roger Lawrence, who apparently paid you a visit in the Columbus, Indiana territory, I am enclosing a complete list and specifications of the Sealy Promotional Effort which Pearson Furniture and Music Company is featuring or has been offered for first and second 1954 quarter handling.

To date they have purchased and featured five numbers from this Promotional Presentation—as follows: Nylon ADV—Nylon Step-Up #1—Foam-Spun Rubber Topper ADV—Firestone Berkshire Foam Rubber Topper—and Sealy Century—plus a 180 coil rolled edge mattress in 6 oz. ACA cover with Sealy Canary label, which we sell to Pearsons at \$14.50 F.O.B. Indianapolis.

The following regular resale Sealy numbers are ap[fol. 828E] proved by the Headquarters: \$159.50 Posturepedic Foam Rubber Set—\$79.50 Posturepedic Innerspring
—\$149.50 Posture Foam Rubber Set—\$69.50 Sealy Rest—
\$69.50 Lastic Koil—\$59.50 Natural Rest.

May I point out to you right here again that the Louis-ville factory will have to aggressively sell and merchandise at the store level the Richmond, Columbus, Seymour and Franklin stores. Just because the Headquarters approves various Sealy Promotions and regular Sealy goods is no sign that each individual store will feature all these numbers. Each store manager has the privilege to operate his business as an individual unit. As an example, I understand that in Columbus, Indiana, they do not have the Posturepedic Innerspring on the floor at the present time. They have only the Natural Rest and one or two Promotional mattresses.

I am also enclosing copies of two ads from different stores which indicates they will run the same mattress at different prices. Let me point out, if you will examine the specifications, they could have run this as low as \$29.95. This indicates how mark-up conscious they are. In other cities where you have other dealers, it will be easy to point out to these other dealers it will be very easy to promote and sell merchandise versus Pearsons when Pearsons is so hungry for mark-up. Pearsons, of course, advertises streamline border mattresses at these prices and almost always steps up to higher priced bedding at the store level.

We are also currently working on a deal with Pearsons on three con.sealy.beds which may or may not have interest to the Louisville factory.

I would appreciate hearing from you at your earliest convenience as to whether or not this entire arrangement and agreement is satisfactory to you and your factory.

"Sin-Sealy" yours, C. B. McGillivray, Sealy Mattress Company.

#### CEM:H

cc: E. H. Bergmann, M. A. Kaplan, H. M. Wolfe.

# [fol. 829E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 436

Logan Co. Since 1876 Louisville 6, Ky.

April 8, 1954.

Mr. Earl Bergmann, President Sealy, Inc. Union Office Bldg. 2012 W. 25th St. Cleveland 13, Ohio

Dear Earl,

Hope you had a nice visit to Florida and got back to Cleveland with a nice sun-tan.

Hate to bring up business so early after your return but we feel that this is very important. You will remember the Buchanan-Jones account at Columbus, Indiana and all the controversy we have had relative to it. This was last discussed with you by Mr. R. S. Logan, our president, when he was in Chicago. Mr. Logan had high hopes that through the visit of Roger Lawrence to Columbus that this whole situation would be straightened out. However. this is not the way that it actually did work out as I received a phone call from Charlie Buchanan last Friday and he requested that I come up to see him. This was done Wednesday, April 7 and after listening to his objections to having Pearsons handle the Sealy line in Columbus, Indiana we are definitely of the same opinion he is that Pearsons is not a desirable account as far as Sealy is concerned-rather undesirable because of their tactics in merchandising.

One thing we should remember is that Buchanan-Jones in 1952 gave Sealy approximately \$10,000 worth of business. In 1953 the figure was \$20,000—an increase of 100% over the previous year. Also, I would like to state we are not dealing with a man who has made unreasonable requests for advertising allowances or other gratuities. He has been very cooperative and has done a

great deal to make the name "Sealy" synonymous with

quality merchandise.

[fol. 830E] You remember that at the time Logan Co. took on the line, the Cincinnati plant had torn down the good name Sealy had in previous years by shipping out inferior merchandise. When we took it over, we assumed and we still do, that it is the policy of Sealy to build up a reputation for quality merchandise. When a store such as Pearsons buys a mattress for \$18.75 and sells it for \$36.00, the only person who is making any money is Pearsons and all that they are doing is building up the name of Pearsons at the expense of Sealy.

Let's put ourself in the place of Mr. Buchanan, who has done a good job in building up the name of Sealy, having spent quite a few dollars in advertising the Sealy Anniversary at \$39.95, and everytime he runs an ad at \$39.95, Pearsons repeats their ad for \$36.00 for another type mattress. The average consumer, as you and I know, will not take the time to make a comparison of these two ads but will merely assume that Pearsons is underselling Buchanan-Jones by three dollars per mattress. Quality wise, if they would make a comparison, naturally they would buy the \$39.95 mattress but those who do not take the time to make the comparison assume that they can get a better buy at Pearsons. On the promotion set-ups forwarded to us by Mr. Kaplan, this mattress was supposed to be advertised for \$29.95. Had it been handled in that manner, the average consumer would have assumed. I believe, that it was a different mattress, but where the price advertised was so close to the Anniversary, it is only logical that they would interpret it to be the same mattress. Also, note that this very same ad that ran in Columbus was run in the Indianapolis papers at the same time, the price being \$34.00 and also note that the Indianapolis papers are subscribed to by quite a few residents of Columbus, Indiana. We do not believe that this is good merchandising for Sealy to have the same mattress advertised in identical manner at different prices so close geographically.

Mr. Buchanan has run two small ads each week for almost an entire year featuring in these small ads only the Sealy Posturepedic mattress. The Pearson store at Columbus does not even have a Sealy Posturepedic on their floor and we can see that they are not particularly [fol. 831E] interested in selling any of the resale items as long as they make number of the resale items.

as long as they make number on promotional items.

Whereas we formerly felt that Pearsons might be alright for other cities in our territory, we now feel that it is not a good policy for Pearsons to handle any Sealy merchandise for apparently they are only interested in making a tremendous profit for themselves at the expense of the Sealy plants. In order to keep Parsons satisfied we feel the Sealy plants would eventually have to build the type of merchandise formerly built by the Cincinnati plant which in no way even approached quality merchandise and would merely tear down the good name Logan has built up in this territory for Sealy.

When Roger visited Columbus the Pearson store told him they had bought over 400 Sealy pieces in 1953—this figure was again confirmed yesterday. Mr. Kaplan tells you and Logan the total sold to four stores in our territory was some 300 pieces. If Golumbus sold 400 pieces it is safe to a sume Richmond sold more than this. We cannot have confidence in Mr. Kaplan when such a difference apparently exists between figures. Earl, we do

not deal with people we do not have confidence in.

We feel we have spent enough time and money on this controversy and that you should step in new and stop shipment of Sealy merchandise to Pearsons in our

territory.

We are sorry that this letter had to be so long but we wanted to give you as many facts on the case as we could. You haven't been down for some time and we would sure welcome the opportunity to discuss this with you in person on your visit to our plant.

Sincerely yours, Robt. L. Howard.

RLH:da

### [fol. 832E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 437

Dict. 4/16/54. April 19, 1954.

Mr. R. L. Howard Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

### Dear Bob:

This letter acknowledges receipt of your letter of April 8th relative to the Pearson matter.

I have read the letter with considerable interest and there are a number of items in it that possibly should be covered by reply, but the subjects are rather long and I have found it difficult to try to cover matters of contention by the vehicle of the written word. For that reason I will not attempt to cover the various points which you have raised in your letter.

I note according to the next to the last paragraph of your letter that you state you feel that I should step in now and stop shipment of Sealy merchandise to Pearson's in your territory. In connection with this statement, am I to now gather that you do not care to permit the agreement arrived at between Ralph Swearingen, Mr. Kaplan and the writer to be executed?

Incidentally, would like to also inquire of you as to whether you have delivered the truckload of Posturepedic box springs and mattresses which was forwarded to you by the Chicago plant.

Will you please drop me a note in Cleveland as to these two questions.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB:hle

Dictated but not read.

[fol. 833E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 438

February 14, 1955.

Mr. C. B. McGillivray Sealy Mattress Company 930 North Halsted Street Chicago 22, Illinois

### Dear Mac:

I had hoped at the last Market that our conference concerning Pearson's and other accounts would result in a working agreement. Several things seem to have happened which indicate perhaps we should have another meeting concerning this matter in the near future.

While I was in High Point, North Carolina, Paul called to tell me that Wylie had requested shipment of Anniversary mattresses to his Decatur, Indiana store. We refused to do this. I feel that the mattresses which you find there at this time are some which he must have shipped on his own. I expect to be up in his territory this week and will check the matter with him.

Meanwhile, I feel it will be best for all concerned if we cease shipments to Pearson's, since your orders have been cancelled anyway, and sit down around the table and come to a complete understanding before any shipments are made into either territory in the future. I am sending a copy of this letter to Earl Bergmann and I am sure we can make proper arrangements when the time comes.

Sincerely, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

WAE/ms

[fol. 834E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 439

February 15, 1955.

Mr. Bill Edie Logan Company 1115 Franklin Street Louisville, Kentucky

### Dear Bill:

In answer to your letter of February 14, I would certainly be agreeable to meeting with you again to iron out, if it needs ironing out, our agreement with you in regards to Pearson's.

However, the fact that we have received a cancellation on Pearson's Anniversary Promotion, in no way affects other merchandise which Pearson's is continuing to purchase week by week, and if you will give me time to spell out what we discussed at the Market, I see no actual reason for a new meeting, and your factory will be ultimately reimbursed as outlined.

We still expect to do a larger volume with Pearson's in 1955 than we did in 1954 regardless of the Anniversary cancellation.

"Sin"-Sealy yours, Sealy Mattress Company, C. B. McGillivray, Sales Manager.

### CBM:LG

cc: M. A. Kaplan, B. Wolfe, E. Bergmann.

# [fol. 835E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 440

Mr. William A. Edie Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky Mr. C. B. McGillvray Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

February 16, 1965.

### Gentlemen:

The writer notes copies of correspondence sent to his attention relative to shipments from a customer of the Louisville plant being apparently transported by that customer to a store owned by that customer in the Illinois territory assigned to the Chicago plant.

Also apparently the old source of trouble in the form

of Pearson again has arisen.

The Pearson matter comes to be perpetual and is commencing to look like the festering sore which in order to finally cure a deep operation had to be performed.

The writer hopes that for once and for all these matters can be amiably disposed of between the two contending plants. If an amiable decision cannot be reached it may be necessary for the national office to perform the deep operation of enforcing the contract in order to solve this problem because frankly it cannot go on festering forever.

The writer as you know is in the process of moving to Chicago and actually from all intents and purposes the major portion of his activities is now centered here. The writer will be in the Chicago office from Monday, March the 7th until Wednesday evening, March the 23rd and suggests to both of the gentlemen here jointly addressed that an appointment be made for the final decision as to this inter-plant controversy.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

[fol. 836E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 441

February 16, 1955.

Mr. C. B. McGillvray Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

Mr. William A. Edie Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

### Gentlemen:

The writer notes copies of correspondence sent to his attention relative to shipments from a customer of the Louisville plant being apparently transported by that customer to a store owned by that customer in the Illinois territory assigned to the Chicago plant.

Also apparently the old source of trouble in the form

of Pearson again has arisen.

The Pearson matter seems to be perpetual and is commencing to look like the festering sore which in order to finally cure a deep operation had to be performed.

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Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/js

Offered-Received-Admitted. Not read-Duplicate.

### [fol. 837E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 442

February 21, 1955.

Mr. C. B. McGillivray Sealy Mattress Company 903 North Halsted Chicago, Illinois

### Dear Mac: .

In order to keep things on an even keel, I think it would be best that we wait until Earl Bergmann is in Chicago during the month of March to hold our preliminary meeting, so that we might report the results to him. We ask that you do not sell Pearson any additional merchandise until we can talk with you concerning this matter.

Mr. Wells, of the store in Bloomington, was not in when we stopped by but will be back from his trip south

very soon.

Sincerely, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

cc: Earl Bergmann, R. L. Howard.

WAE/ms

### [fol. 838E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 443

February 24, 1955.

Mr. William A. Edie Logan Company 1115 Franklin Street Louisville, Kentucky

Dear Bill:

We are in receipt of your letter of February 21st, and we appreciate that under the terms of your franchise you can ask us not to sell Pearson's any additional merchandise.

However, on the basis of what we discussed verbally at the January Market wherein you agreed and I agreed to continue on the same basis with Pearson's, and on the strength of this agreement we have set up a deal with Pearson's (copies of all this promotional effort have been forwarded to you). We therefore cannot go to Pearson's at this time and abruptly tell them that we cannot supply them inasmuch as they have these numbers on their floor and in their stock, and in addition we have raw materials and cover commitments based on this set up.

Therefore, most naturally we are obligated, certainly for the balance of this selling season, to fulfill our obligation to Pearson's. I am sure you see the position we now

find ourselves in.

Therefore, in view of the above I ask that you go along, and we will meet together as you suggested as early in March as possible.

> "Sin"-Seally yours, Sealy Mattress Company, C. B. McGillivray.

CBM:LG

cc: Earl Bergmann.

# [fol. 839E] . IN UNITED STATES, DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 444

262 Granvil Drive Louisville 18, Ky. February 27, 1955.

Mr. Earl Bergmann Room 818 2012 W. 25th Street Cleveland, Ohio

Dear Earl,

The enclosed letter signed by Arthur Phillips of Pearson's is self explanatory. Please note that the second item offers a \$6.00 discount on any Sealy Matt or Box-S and \$12.00 on a set. This discount is repeated on the coupons. This is also given as a once a year event; so our good customers can wait and buy at Pearsons.

These letters are being distributed in our territory, even where there are no Pearson stores. This one came to the home of our dealer in Shelburn? You should be able to guess what our dealers are saying about "Sealy."

We had been able to sell 33 of our 36 dealers in the Indiana area on the New Posturepedic campaign. The order for the displays is in. Since Posturepedics are now \$73.50 at Pearson's, we can expect cancellations.

We had sold Gray in Whiteland 70 pieces of Anniversary—cancelled. We had sold McCowan in Franklin 48 pieces of Anniversary—cancelled. Buzard in Shelburn took delivery but can't sell—he's unhappy. He has 70 pieces, as does Cure and Son, Martinsville, also hurt.

I am having some more of these letters collected, and have asked Leon to get someone to buy in order to give you proof for a suit to protect our fair trade prices.

Leon will spend Monday and Tuesday trying to smooth things out, then will report to me. Needless to say, our dealers want some assurance that this practice will not continue. MacGillivray points out to me that I agreed at Chicago to let them continue selling Pearson's. I did so on the basis that it would be a legitimate operation.

I must ask that all shipments to our territory be stopped and that no such letters be permitted to be distributed either. I would like very much to visit my dealers and brag about Sealy rather than to apologize each time I see them.

Very truly yours, W. A. Edie.

ec-Prising, Mac Gillivray.

[fol. 840E]









CD carson's

Sam 1878

Furniture - Music Stores

ADVERTISING DEPT.

Indianapolis 4. Indiana

U. S. POSTAGE

INDIANAPOLIS, IND. PERMIT NO. 430

POSTAL PATRON

[fol. 841E]

FORM 3547 REQUESTED

767



1 511015

Dear Friend:

e are enclosing \$168 worth of dividends for you, ve same as cash at your nearest Pearson Store.

We feel that you, as a preferred customer, are entitled to an EXTRA SAVING on any purchase ... savings in addition to February sale prices as advertised to the general public.

The enclosed dividends are good for 30 days only for extra savings of-

BEDROOM SUITE

\$ 6.00 - on any SEALY or HIRSCHMAN INNERSPRING MATTRESS or BOXSPRING full or twin size (\$12.00 if you buy a matching pair) \$ 8.00 - on any SOFA BED or DUAL SLEEP EQUIPMENT \$ 3.00 - on any SOFA BED or DUAL SLEEP EQUIPMENT \$ 10.00 - on any BUNK BED or HOLLYWOOD BED ENSEMBLE \$ 7.00 - on any BUNK BED or HOLLYWOOD BED ENSEMBLE \$ 10.00 - on any BUNK BED or HOLLYWOOD BED ENSEMBLE \$ 10.00 - on any 2 PC, LIVING ROOM SUITE, SOFA BED SUITE or SECTIONAL GROUPING ROOM SUITE, SOFA BED SUITE or \$ 10.00 - on any 5 or 7 PC, DINETTE SUITE \$ 15.00 - on any 5 or 7 PC, DINETTE SUITE \$ 15.00 - on any 8 NOOM OUTFIT \$ 20.00 - on any 8 NOOM OUTFIT \$ 20.00 - on any 8 ROOM OUTFIT \$ 2.00 - on any 8 ROOM OUTFIT

# REGISTERED IN YOUR NAME

een planning to get, and save more for future delivery if you wish. Us you take up to 78-weeks to'pay - w Select all the home needs now you've bever. We'll gladly hold any purchase easy Budget Plan, on approved credit into DOWN PAYMENT.

Sincerely yours,

SONS FURNITURE &

This is a ONCE-A-YEAR event for our customers and their friends so NOW is your opportunity to select NEW SPRING & SUMMER hon needs from NEW complete stocks ... not clearance items or close outs ... but JUST ARRIVED merchandise.

# [fol. 843E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 445

WESTERN UNION
W. P. Marshall President

3/2/55.

C. B. MAC GILLIVRAY SEALY MATTRESS CO. 903 N. HALSTEAD ST. CHICAGO, ILLINOIS

PHONE ME TODAY REGARDING LOUISVILLE LETTER OF FEBRU-ARY 27TH EXTREMELY IMPORTANT.

EARL BERGMANN SEALY INC.

[fol. 844E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 446

SEALY MATTRESS COMPANY
Makers of Finer Mattresses Since 1881
"Sleeping on a Sealy is like Sleeping on a Cloud"
903-933 North Halsted Street
Telephone Michigan 2-2050
Chicago 22, Hlinois

Mr. Earl Bergmann Sealy Incorporated 666 Lake Shore Drive Chicago, Illinois March 2, 1955.

### Dear Earl:

I note with interest, Mr. W. A. Edie's letter written directly to you, regarding a mailing piece sent out by Pearson's Furniture and Music Stores over the signature of Arthur Phillips, Advertising Manager. Mr. Edie only reports part of the facts, because an examination of the mailing piece shows a master certificate containing a clause, which reads as follows: "No manufacturer's price-fixed, fair-traded goods qualifies." Therefore, the mailing piece which Mr. Edie has called to my attention and yours, which he has in his possession, is incomplete.

Therefore, Mr. Edie's fear that Pearson's is selling

Posturepedics at \$73.50 is unfounded. Also, his fear psychology to me, seems more than immature when he states that his dealers cannot sell Anniversary bedding because of this mailing piece. Is it not true that the Anniversary Promotion is a \$39.95 Advertised Sealy Promotional Mattresses with an indicated and implied, if not advertised, \$59.50 value? This reduction in price of \$20 is much greater than Pearson's \$6 reduction on Promotional Sealy bedding.

Thirteen of the seventeen Pearson Stores lie in Chicago territory, and we have yet to have an Indiana dealer complain of this mailing piece, which was also mailed into

our territory.

In 1954 the Sealy Mattress Company of Chicago did approximately \$106,000.00 volume with Pearson's, and Sealy Incorporated in turn, were the recepients of the royalty on this volume. Of this volume, \$14,000.00 was turned over for delivery to the Logan Company in Louisville.

This was considerably in excess of the dollar volume consumed by the stores in the Logan Company territory; namely, in Franklin, Indiana—Seymour, Indiana—Columbus, Indiana and Richmond, Indiana. In addition, Sealy Mattress Company of Chicago spent 5% advertising allowance with this customer, and not one red cent of this

money was charged to the Logan Company.

[fol. 845E] As you know, Sealy has already lost this year approximately \$200,000.00 worth of business with Leath and Company, because of the vagaries of the very nature of the Sealy set-up. It seems to me that if Sealy Incorporated is of the magnitude that I think it is, and if its business is to prosper aggressively and progressively, some of its members will have to re-examine their thinking and change their attitude. I appreciate that this problem most certainly, cannot be solved by anyone in my capacity, but may I point out that this is an ever growing problem and should be arbitrated and successfully solved to the satisfaction of all parties concerned, with Sealy Incorporated being the ultimate beneficiary.

"Sin"-Sealy yours, Sealy Mattress Company, C. B. McGillivray, Sales Manager.

## M[fol. 846E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 447

April 11, 1955.

Mr. William A. Edie Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

### Dear Bill:

Enclosed is a copy of the original agreement, agreed to by Sealy Mattress Company of Louisville, Kentucky and Sealy Mattress Company of Chicago. Also enclosed is a revised agreement which you and I, Bill, agreed to at the January Market.

So far, in 1955 we have not placed any firm orders with Louisville, but we are now getting into the new Posture-pedic deal and we expect to order later on enough Posturepedics from Louisville to compensate for Louisville's share of the Pearson business to date this year.

"Sin"-Sealy yours, Sealy Mattress Company, C. B. McGillivray, Sales Manager.

### CBM:LG

cc: Mr. Earl Bergmann, M. A. Kaplan E. Siegel.

### [fol. 847E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 447-A

January 1, 1955.

### AGREEMENT

Between Mattress Company of Chicago and Sealy Mattress Company of Louisville, Ky., Re: Pearsons Furniture and Music Company of Indianapolis, Indiana and Banner-Whitehill and/or any other dealer who requires or uses goods in both Chicago and Louisville Territories.

- 1. The Chicago plant will ascertain the number of pieces sold to Pearsons Furniture and Music Company and the dollars and cents volume during the year 1955.
- 2. The Chicago plant will ascertain the number of pieces sold and the dollar value that actually went into the stores located within the Louisville territory. Up to the present time it has been estimated.
- 3. The Resale pieces which are assigned to the Louisville plant are to be delivered and charged to the Chicago Sealy Warehouse, and are subject to a nominal Warehouse charge of 5%.
- 4. The Promotional pieces assigned to the Louisville plant are to be delivered direct to the Pearsons' Warehouse but charged to the Sealy Mattress Company of Chicago, who will bill these goods to the Pearsons Furniture and Music Company. (If Louisville is unable to build any of the Protional Effort required, Resale pieces may be substituted in a like dollar amount. A delivery to be dictated by the Chicago Factory).

Anniversary and Golden Sleep are Promotional and if shipped directly to Pearsons' Warehouse, are not subject to a warehouse charge of 5%.

If however, Anniversaries or Golden Sleeps are delivered to the Indianapolis (Sealy) Warehouse, they then are to be handled as regular goods and are subject to a Warehouse charge of 5%.

5. Sealy Incorporated recognizes that if Louisville agrees to handle the Pearsons Stores as suggested, it will require a change in the exclusive dealerships now main-

tained by Louisville. (This was originally suggested in April 1954).

Sealy Mattress Company of Louisville, —, ——, Sealy Mattress Company of Chicago, —, ——

Offered-Received. Not read.

[fol. 848E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 448

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

Air Mail

April 29, 1955.

Mr. Earl Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

Dear Earl:

Bob Howard and I will be in Chicago Wednesday and Thursday, May 11 and 12. We would like very much to discuss with you the Pearson situation.

It might be well for us to talk to Mac on Wednesday morning and see you on Wednesday afternoon, if that is O.K. We would like to bring this business to a head by that time in order that we can appear before the Board of Directors according to Sealy Policy, if necessary, and may so be scheduled for June.

Sincerely, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

WAE/ms

ce: C. B. McGillivray.

# [fol. 849E] IN UMPTED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT NO. 1449

April 29, 1955.

Mr. C. B. McGillivray, Sales Manager Sealy Mattress Company 903-933 North Halsted Street Chicago 22, Illinois

timber to promison the street

Dear Mac:

As you recall, about two months ago when we discovered Anniversary mattresses and Posturepedic mattresses being billed at discount by Pearson's, we asked that shipments be discontinued to that company. I know that you've told us it's a very big firm and very important to you. But, I must insist that we have been to great extent by their actions and they have not shown good faith in selling Posturepedic at \$130.00 per set and selling Anniversaries at \$6.00 per mattress discount. These things we have shopped and proven.

DESCRIPTION OF STREET STREET, SERVICE

We have prepared for Earl Bergmann, and you will receive a copy within a few days also, at the same time he receives his, a chart showing the loss of sales on Anniversary which we had on those dealers bordering Pearson's stores, during the past few months. Inasmuch as our shipments were increased in our other areas, this was a double hlow to us. I'm going to Evansville tomorrow and will be back Friday and probably will try to get to Chicago sometime next week and discuss this

matter with you and Earl.

Sincerely, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

ce: Earl Bergmann.

WAE/ms

[fol. 850E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 450

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

June 8, 1955.

Mr. Earl Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

Dear Earl:

With reference to your Bulletin #88 dated June 6th concerning items to be brought before the board of directors, I am writing to determine whether or not it has been officially decided that our problem with Pearson's stores will be presented to the Board.

You recall that in our conversation about a week ago you mentioned that you had had an informal talk with Maury Kaplan and with McGillivray, at which time they seemed to feel that board action might not be necessary. I have not heard from you since that time, and naturally want to be sure that we can have this problem over, perhaps before market actually begins.

I would appreciate a letter from you concerning the status of this problem so that I might report to Mr. Logan.

Sincerely, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

WAE/ms

[fol. 851E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 451

Mr. E. C. Logan Sealy Mattress Company 1115 Franklin Street Louisville, Kentucky

August 3, 1955.

Dear Mr. Logan

The writer has been away from his desk for three weeks and for that reason has been delayed in acknowledging receipt of a copy of your letter of July 18th to Mr. Kaplan of the Chicago plant enclosing a copy of the proposed agreement relative to the Pearson stores.

The writer has a deep interest in this problem and its solution because it strikes at the very fundamentals of our peculiar organization. As our plants expand to the point where they sell Sealy merchandise in every nook and cranny of their assigned territories and acceptance is gained on a nationwide basis, similar situations such as this are going to become the rule rather than the exception. It is because of this fact that the writer has tried to exercise broad patience in the attempt to find an agreeable solution to the Pearson problem. I have felt that if this problem could be solved on an amiable basis it could well be the format for the solution of similar problems yet to materialize.

Last night at my home I gave long and serious thought to this problem and the proposed agreement, and while I have come to the conclusion that the original suggestion made by the Chicago plant was complicated and involved confidence and faith in a number of items that made it rather difficult to execute, I have come to the conclusion that the proposed agreement which you have submitted is likewise unwieldy and requires complex data which in my opinion is cumbersome and in the final analysis will not produce information other than that which can be obtained by direct statement of the parties involved. I well realize that this necessitates faith in the party who must furnish the information but after all we must assume the honesty of our business associates until they are proven otherwise.

[fol. 852E] Struggling with the hope of arriving at some

kind of a format we can use in other cases, as previously pointed out, it seems to me that this entire problem could be resolved on a much more simple basis along these lines:

(a) For Pearson to furnish a statement of the total of Sealy purchases for the stores within the Louisville territory.

(b) If the actual Sealy purchases for the stores within the Leuisville territory are unknown, then a statement of the total Sealy purchases for the entire chain should be given.

(c) If the Sealy purchases for the stores within the Louisville territory are unknown and a statement of total Sealy purchases is made, a further statement should be made by Pearson indicating the percentage of bedding, regardless of brand, sold by the stores in the Louisville territory to the total bedding, regardless of brand, sold by the entire chain. This percentage times the total Sealy business indicated in (b), above, would indicate the amount against which should be applied the commission referred to in paragraph 3 of the proposed agreement.

In passing I want to say that I am inclined to feel that 17% commission is rather on the high side and one which I think I would have difficulty in trying to work with other Sealy plants. It occurs to me that the commission to the salesman in this particular type of a handling and the 9% profit since there is no necessity for any facilities, are high. In the past on a number of occasions I have personally worked this type of compensation with jobbers and distributors and the figure generally used has been either 14% or 15%.

Time being the essence of this problem so far as Pearson is concerned, and being desirous of avoiding possible loss of a sizeable volume of business for the Chicago plant, as well as Sealy, Inc., I have urged Mr. Kaplan to go ahead with the agreement with the thought that experience will teach us whether the arrangement can be continued or whether the parties involved will feel they cannot continue. Should that occur this letter may serve some useful purpose at that time.

I have not had the pleasure of meeting you personally but I knew R. S. quite well and he and I got along together splendidly. I hope sometime soon to have the opportunity of meeting you personally.

[fol. 853E] Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:jk

cc: M. A. Kaplan.

[fol. 854E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 452

January 11, 1956.

Mr. Ray Garland c/o Pearsons 3318 N. Lincoln Avenue Chicago 13, Illinois

Dear Mr. Garland:

Reference is made to the Agreement we have with Sealy of Chicago in which we gave our permission for them to ship to Pearson stores.

In that Agreement it was stated that each year by the 10th of January Pearsons would furnish Logan Co. and also Sealy of Chicago a percentage figure which would represent the amount of Bedding business the four Pearsons stores in our territory represented of the total Pearson business received by Sealy of Chicago, during 1955.

We are sure that you have been very busy at the Market and more than likely you have overlooked having your Accounting Dept furnish us this figure.

Would you please have this figure furnished us as soon as possible so that we may set our records up for the coming year?

Thanks for your usual splendid cooperation.

Sincerely yours, Robt. L. Howard, Controller.

RLH :da

[fol. 855E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 453

### Law Offices

WOODWARD, HOBSON & FULTON
Suite 1805-26 Kentucky Home Life Building
Telephone Wabash 3321
Louisville 2, Kentucky

October 17, 1956.

Mr. E. H. Bergmann, President Sealy, Inc. 666 North Lake Shore Drive Chicago 11, Illinois

Dear Mr. Bergmann:

We are attorneys for Sealy Mattress Co., of Louisville, Kentucky, who have consulted us concerning the repeated and still continuing violations of their Licensing Agreement with you, due to the shipment into their territory by Sealy Mattress Co., of Chicago, a licensee of yours. As we understand it, this is caused primarily by shipments from Sealy Mattress Co., of Chicago to four Pearson's Stores in cities located within our client's Indiana territory.

As you know, this infringement arose some time ago, and in accordance with your bulletin of May 28, 1954, subject, "Programs of Procedure Approved and Adopted by the Board of Directors," our client attempted to work out a solution to this problem, with your advice, by agreement with Sealy Mattress Co., of Chicago, that would enable Sealy Mattress Co., of Chicago to sell Pearson's Stores and providing that our client would be reimbursed for those sales on an agreed basis.

This attempt failed completely, as you know, because Sealy Mattress Co., of Chicago did not reimburse our client properly and continued to sell to Pearson after it became manifest, by Pearson's course of conduct, that Pearson would not live up to the pricing agreements and the advertising agreements specified by you and agreed to by Sealy Mattress Co., of Chicago.

We have seen what is apparently a copy of Mr. Morris Kaplan's letter of July 29, 1956 to your Company stating that his Company, that is Sealy Mattress Co., of Chicago, would no longer sell Pearson's in our Client's territory. This letter, of course, was written after our client's letter to Mr. Kaplan of June 15, 1956, cancelling the proposed agreement of July 18, 1955 between Sealy Mattress Co., of Chicago, and our client, for the reasons stated above in this letter.

[fol. 856E] Unfortunately, a check of the four Pearson's Stores, as of October 4, 1956, in our client's territory reveals a substantial inventory of Sealy Mattresses manufactured by Sealy Mattress Co., of Chicago. Our client has done everything possible to work out some proper solution. However, as you can appreciate, and as you have been advised by our client, the improper advertising and pricing of Sealy Mattresses by Pearson's Stores, not only has caused our client financial loss on the sales by Pearson's Stores, but has also greatly damaged our client's sales in its territory to other customers.

This letter, therefore, is a demand that you immediately enforce your legal rights against Sealy Mattress Co.,

of Chicago, in the following respects:

1. That you collect, under paragraph V:4 of the licensing agreement, \$10.00 for each Sealy product sold by Sealy Mattress Co., of Chicago, within our client's territory since June 15, 1956.

2. That you immediately prohibit and prevent Sealy Mattress Co., of Chicago from selling any Sealy product within our client's territory, under para-

graph IV:4(a) of the licensing agreement.

Our client has, for many years now, complied satisfactorily with the terms of its licensing agreement from your Company. It has every intention of continuing to do so, and by the same token is entitled to have its rights,

under the licensing agreement from you, fulfilled both by you and by those from whom you can legally require

protection for our client.

We have been instructed because of the seriousness of the problem, not only to write this letter to you, but to advise you that if you do not immediately protect our client's rights, we will prepare and file a suit both for liquidated damages under paragraph III:7, and for an injunction requiring you to enforce your licensing agreement with Sealy Mattress Co., of Chicago and for damages to our trade by the violations of our territory agreement both as to pricing and advertising.

[fol. 857E] We will be glad to hear from you at your

first opportunity.

Yours very truly, Woodward, Hobson & Fulton. By /S//Fielden Woodward.

FW:emc.

co-Mr. Robert Howard, Sealy Mattress Co., Louisville, Kentucky.

# [fol. 858E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 454

October 29, 1956.

Mr. M. A. Kaplan Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

### Dear Morry:

Enclosed is a photostatic copy of a letter received from Woodward, Hobson, & Fulton who apparently are attorneys for the Logan Company in Louisville, Kentucky.

This matter comes as a complete surprise and frankly is very disturbing, not only because of the apparent non-finalizing of your statement made during the past June Market, that the Chicago plant would discontinue selling the Pearson group to eliminate any further controversy with our Louisville plant. I'm also disturbed because I don't like the legalistic approach thrown into this subject by the Louisville plant without a full review with me. I think this approach is entirely out of order within the family and it should not be resorted to until all parties fully realize and acknowledge that the matter can only be finalized in that manner.

Our last Sealy meeting should be concluded by noon on November 17th. I am going to ask that your Sealy representatives of Louisville, J. F. Haas, general counsel for Sealy, Incorporated and myself have a table conference on this matter at 2:00 P.M. on Saturday, November 17th in the Sealy Lounge.

I would appreciate knowing if you will be able to attend this conference.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB/sm

co-Mr. J. F. Haas, Mr. Robert Howard.

[fol. 859E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 455

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street Louisville 6, Kentucky Phone WA 1366

November 8, 1956.

Mr. E. H. Bergmann, President Sealy, Incorporated 666 N. Lake Shore Drive Chicago 6, Illinois

### Dear Earl:

Following our telephone conversation yesterday, I learned that our attorney Mr. Fielden Woodward, was out of the city and would not return until Monday, November 12. I want to talk to him before giving a final answer to your suggestion of another meeting in Chicago. Meanwhile we would like to add some details that may help you to understand our position.

You said yesterday that we had by-passed you in placing this matter in the hands of our attorney. I quote

from my letter to you of 6/27/56:

"In Edie's presence last week, Mr. Kaplan instructed McGilvray to stop all shipments to Pearson immediately in accordance with our request. We will appreciate it very much Earl, if you will follow up on this with Kaplan and write us a letter as quickly as possible, assuring us that all ties with Pearson have been cut and that they will positively not have the Enchanted Nights promotion or anything else from here on."

The above letter lays the problem in your lap. I don't see how we could have done it more definitely. Your letter to me of July 19 indicated that the problem was

solved. Instead, we found we were on the same old merry-go-around we have been riding for the past five years.

Mr. Woodward's letter to you of Oct. 17 says that a check of the four Pearson stores in our territory as of Oct. 4 revealed a substantial inventory of Sealy mattresses. This was first reported by our salesman and on Oct. 10 was checked by Mr. Edie in person at all four stores. 'This was all new Sealy merchandise. Each store [fol. 860E] was featuring it over Simmons and Serta and was devoting 50 to 60% of its space to it.

R. S. Logan says that a couple of years ago he made at least one trip to Chicago for the specific purpose of discussing with you the Pearson situation. He says he left the matter in your hands and that you promised him

you would take care of it.

We are not interested in any further meetings with Kaplan. (It has become quite obvious that we cannot place any reliance on his word). Our contract is with you, and if another meeting is held, it should be between you with your attorney and us with our attorney.

Just before our agreement of July 18, 1955 was consumated with Chicago Sealy, we had been given to understand that the Pearson account (all stores) was a most valuable one, with sales in the neighborhood of \$250,000 annually. The amount Kaplan paid us under the agreement was based on a percentage of total Pearson sales. For the eleven month period that the agreement was in effect, the amount we received was based on annual total Pearson sales of about \$80,000. You can draw your own conclusions.

Frankly we do not see any reason at all for another meeting at this late date. All you have to do is take the two steps named on page 2 of Mr. Woodward's letter of 10/17/56.

Earl, we don't relish lawsuits any more than you do. I see no sensible reason why there should have to be one in this case.

Yours truly, E. C. Logan, President.

b

ec: Woodward, Hobson & Fulton.

## [fol. 861E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 456

March 12, 1953.

Mr. M. L. Forbes Sealy Mattress Company 1115 Franklin Street Louisville 6, Kentucky

### Dear Harry:

Our new franchise holder, the Slumber Products Corporation, which replaced the U. S. Bedding Company in the Memphis area calls to our attention that you are selling Sealy mattresses to the Dempsey Appliance and Furniture Store in Greenville, Kentucky. As I understand it, Greenville is located in Muhlenberg County, which according to our records is in the Memphis area.

Slumber Products Corporation would like to serve all of the territory in their contract, and I would appreciate it if you will drop me a line regarding Muhlenberg County.

Yours very truly, Sealy, Incorporated, J. R. Lawrence.

JRL:hlt

ce: M. L. Haas.

[fol. 862E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 457

April 14, 1953.

To: Mr. E. H. Bergmann

### Dear Earl:

Harry Forbes was in the office the other day, and we discussed the problem of his selling in Greenville, Kentucky. Harry realizes that the agreement he made with Louis Haas would not be binding on the new owners in Memphis. However, he is very anxious to retain this account in Greenville as well as to try to obtain additional counties in Kentucky.

Actually, he should have an additional row of counties that are adjacent to his territory that are now under the Memphis contract. He can service these counties much better than the Memphis plant can as he is considerably closer. I told Harry that there was no possible way of placing these counties under his contract unless the new owners at Memphis would be agreeable in giving them up.

We both realize that Memphis would not be in a mood to make territory concessions until they have had time to make a complete survey of the area they have under franchise. I think Harry is going to write to Memphis to see if he can't continue to sell the dealer in Greenville.

I personally think that the new owners in Memphis will give a much better coverage of their territory than the U.S. Bedding Company did. It will take a while for them to get started, but I anticipate the new Memphis plant to be one of our best been sees within the very near future.

Very truly yours, J. R. Lawrence,

JRL:hlt

[fol. 863E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 458

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Chicago 22, Illinois Telephone Michigan 2-2050 903-933 North Halsted Street

October 14, 1953.

Mr. Earl H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland 13, Ohio

Dear Earl:

A little over a year ago, the Chicago Sealy factory had a very successful Posturepedic Road Show at Kay Furniture Company in Moline, Illinois. At the same time the Golden Sleep Promotion of 1952 was sold, which was a very successful Promotion.

Unfortunately, the customer trucked some of the merchandise into Davenport, Iowa, which is in the Des Moines territory of Sealy; and the dealer also took it upon himself to run a Golden Sleep ad in Davenport.

This was done without our permission and, of course, in a gentlemanly fashion, we were criticised by Mr. Ryden of the Sealy Des Moines factory (and rightly so) because we were in violation of our Sealy contract.

Subsequently, through our salesman, Mr. Mandelbaum, I made a date for the 1953 January Market to meet with Mr. Stoker (now deceased), his two sons, Mandy, the Sales Manager of the Des. Moines factory and the writer. I attempted to make an arrangement for Moline to buy the Anniversary Promotion from the Sealy factory in Chicago and to buy an additional trailerload from the Des Moines factory for the Davenport store; using our price structure,

promotional ideas and advertising proposition. This did not turn out successfully as the dealer was unable to take in this quantity of merchandise from both Chicago and Des Moines.

Consequently, we lost the Anniversary Promotion entirely and lost our business in Moline on regular merchandise.

We envisioned we would try again at the June Market with the Golden Sleep but here again we were unsuccessful.

I noticed, however, in the enclosed tear sheet from the Daily Dispatch of Moline, Illinois, Kay Furniture adver-[fol. 864E] tised the Golden Sleep Mattress in Davenport and Moline which now indicates that the Des Moines factory has shipped goods into our territory and they are in the exact position of violation for which they so gentlemanly criticised us.

Again, this is typical of an attempt to secure business for the Sealy Mattress Company on an inter-plant basis. Certainly, from our point of view, it is entirely unsuccessful when we lose the volume from the account and the sales of regular merchandise.

The customer, of course, cannot understand any of this confusion; and just has a sincere desire to get the benefit of merchandising Sealy for both his stores.

"Sin-Sealy" yours, C. B. McGillivray, Sales Manager, Sealy Mattress Company.

CBMcG:H

cc: I. W. Mandelbaum, H. N. Ryden, M. A. Kaplan.

### [fol. 865E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT EXHIBIT No. 459

December 24; 1953.

Mr. Ernest M. Wuliger Sealy Mattress Company 2841 East 37th Street Cleveland, Ohio

### Dear Ernest:

Enclosed is a copy of a letter to the boys in Pittsburgh which when you read it will tell you why my face is red.

I am in receipt of a letter from Bob Culp dated December 21st in which he advised that they had their Mr. Russell go to Sharon and investigate this matter and his findings were that this mattress was shipped by the Cleveland plant to the Niles store who in turn shipped it to Sharon.

In addition to the observations that I note to the Pittsburgh plant I am going to add to them so far as the Cleveland plant is concerned the observation that Robins should be aprised by letter not to send Sealy mattresses from the Niles store to Sharon because of Sharon lying with the jurisdiction of the Pittsburgh territory.

I am also enclosing a copy of the letter of apology to Bob and Hymie.

Would you be good enough to send me a copy of your letter to Robins asking them to cooperate with you in maintaining our intra-plant relations.

Very truly yours, Sealy Incorporated, Earl H. Bergmann.

EHB/dg

Encls.

[fol. 866E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 460

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

1900 Lowe Street—Pittsburgh 20, Pennsylvania Phone Walnut 2-1000

January 11, 1954.

Air Mail-Special Delivery

Mr. E. H. Bergmann % Sealy Inc. 2012 West 25th Street Room 1418 United Office Bldg. Cleveland 13, Ohio

### Dear Earl:

Enclosed you will find an ad that was run by the Robins store in Sharon under date of January 7, 1954, and not so long ago I sent you another ad that was run by Robins featuring Sealy mattresses as you will note by the enclosed ad.

When I wrote to you previously I explained that we have in particular a very good account by the name of Bolotin's who have cooperated with us 100% and the ad that I enclosed was sent to me by them, and since we do not have any working agreement with Robins' outfit we found upon investigation that this merchandise was being shipped into Sharon from their Niles store.

We also find that these mattresses have Pennsylvania Law Stamps on them which makes me wonder how this could be possible unless they received them from the Cleveland plant.

This matter has reached the serious state and Sealy Inc. should immediately take steps to stop our Cleveland plant

from selling merchandise to Robins if they persist in shipping this merchandise into our territory.

Will you please give this matter your immediate attention and advise me as soon as possible as to what steps you intend to take to correct this situation.

Yours truly, Sealy Mattress Company, R. G. Culp.

RGC/cal

Encl.

cc: Bolotin's

# [fol. 867E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 461

Sealy Mattress Company of Pittsburgh 1900 Lowe Street Pittsburgh 20, Pa.

January 12, 1954.

#### Gentlemen:

Your letter of January the 11th enclosing a second ad run by Robins store in Sharon on January 7, 1954 distresses me very much.

When this matter was first called to my attention a letter was dispatched to the Cleveland plant on December the

24th, copy of which is attached hereto.

On December the 26th I received a letter from the Cleveland plant saying that they would immediately take this matter up with the salesman involved and have the matter immediately handled.

I personally spoke to Ernest Wuliger of the Cleveland plant relative to this matter and he stated that owing to the market and the salesman who calls on Robins in Niles being on vacation that they did not have an opportunity of

clearing the matter up with Robins.

Mr. Wuliger informs me that he will take care of the matter personally and that no later than next week the salesman who calls on Robins will arrange with Robins that no further shipment of this nature will be made into Sharon. [fol. 468E] Incidentally, I discussed the matter of the Pennsylvania labels with Ernest Wuliger and he declares emphatically that they have not attached Pennsylvania registry labels to Sealy merchandise. Apparently, Robins procured these stamps elsewhere. If I remember correctly anyone can buy them.

. I am quite sure that this matter win be quickly handled to

the satisfaction of all interested parties.

Very truly yours, Sealy Incorporated, Earl H. Bergmann.

EHB/dg

Encl.

CC: Mr. E. M. Wuliger.

# [fol. 869E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 461-A

Mr. Max Lewis Sealy Mattress Co. West Railway & Gould Paterson, N.J.

Dict. 5/14/54. May 18, 1954.

# Dear Max:

I received a very disturbing telephone call this morning

from the Brooklyn plant.

They tell me that in their presence, they called your plant and that you agreed to ship 20 twin size Posturepedic outfits to the Millers Decorator Co. at Grand Concourse, Bronx. N.Y.

This man had been receiving Sealy merchandise and being pressed about where he could get it, he indicated that it was possible to buy it from you; and actually telephoned your plant in their presence and had the assurance that it would be delivered.

He first said that you wanted him to come to your plant and pick it up, but upon the Brooklyn insistence, he told you that he could not do that and for you to deliver it. It is my understanding that you told him that you would let him know the next day. The story that comes to me is that the next day, you told him that you would deliver the 20 sets, but that it would be billed to him through a New Jersev dealer.

Max, I need not call your attention to the fact that your contract says that you cannot sell Sealy merchandise to anyone knowingly that it is going to be transported out of your territory for resale. This is a very serious acquisition.

It is my understanding that Mr. Kligman is going to call upon you today and see if he cannot get the matter straightened out once and for all. In view of the seriousness of this matter, it will be necessary for me to hear from you as to a full report, so that I may be guided as to whether or not there was a violation of contract.

Will you please advise me fully?

Very truly yours, E. H. Bergmann.

[fol. 870E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 461-B

SEALY MATTRESS COMPANY ...
Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

196 West Railway Avenue—Paterson, New Jersey
Phones AR 4-7793-7794

May 20, 1954.

Mr. E. H. Bergmann Sealy, Incorporated 2012 West 25th Street United Office Building, Room 48 Cleveland 13, Ohio

# Dear Mr. Bergmann:

We acknowledge receipt of your letter of May 18, 1954, and wish to point out to you the facts regarding the matter outlined by you.

On or about May 13th, we received a telephone inquiry from an individual who refused to divulge his name and who wanted to purchase twenty twin size Posturepedic outfits. He claimed he was a friend of one of our salesmen and our immediate reply to him was we do not ship any Sealy merchandise into New York and that he should contact the New York factory. In any event, we told him that we would discuss the matter with our salesman.

The next day we were informed by our salesman that the individual who called had been previously employed by the Newark Furniture Warehouse of Newark, New Jersey whom we are suing under the Fair Trade Practice Act for cutting prices on Sealy merchandise.

As stated before we would not and will not ship any Sealy merchandise into New York and we emphatically made this clear to this individual who made the inquiry.

We were surprised the next day when Mr. Kligman, Senior of Sealy of Brooklyn stated in our office that the telephone inquiry was made from his plant and we pointed



out to him that, although the call was received no order was made out nor was any dealings made with this individual.

[fol. 871E] It is amazing how these facts and this situa-

tion can be so distorted.

If you will carefully review the foregoing, you will close the matter in your files inasmuch as same has no merit or basis.

Very truly yours, Sealy Mattress Company, M. Lewis.

ML:sm

P.S.

It might interest you to know that Mr. Kligman left this office quite satisfied with the explanation given to him by us and the fact is that we have never heard of the Millers Decorator Company until receipt of your letter.

[fol. 872E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 462

July 19, 1954.

Mr. Marcus Haas Sealy Mattress Company P. O. Box 2847 Memphis, Tennessee

#### Dear Marcus:

Mac telephoned you last Monday, July 12th, with reference to the confirmation regarding Leath shipments in your territory but thus far has not heard from you.

I just cannot understand this kind of handling, regard-

less of the situation in Memphis.

Very truly yours, Morris A. Kaplan, Sealy Mattress Company.

MAK:H

cc: E. H. Bergmann, C. B. McGillivray.

[fol. 873E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 463

July 21, 1954.

Sealy Mattress Company 903 N. Halsted St. Chicago, Illinois

Attn: Mr. M. A. Kaplan

#### Dear Morrie:

We acknowledge your letter of July 19 as well as copy of the letter you wrote to Harry Ryden, further, we enjoyed talking to you today.

If we played a part in your losing the Leath order, it was certainly unintentional and we are exceedingly regretful. Mr. McGillivray called me on Monday, July 12, stating that you had obtained the order from Leath and you wished us to make shipment to the store in Springfield. He further stated that he was forwarding the order to us. We immediately began attempts to reach our Illinois salesman by long distance because we knew that he was working toward Springfield last week. We located and told him of the situation and asked him to make his investigations in Springfield and to advise us as quickly as possible. We heard from Bill Ahern the latter part of the week and upon discussions in our office, it was agreed that we were in a position to handle the Leath order for you.

Proceeding under the assumption that we would get the order from you, we did not notify you but were going to confirm the order upon its receipt. I was out of town the balance of last week, however, left all information in writing with Mrs. Embree, awaiting the order. Upon my return I dictated a letter to Mac, telling him that we had not received the order and that because we had to ship in pool cars via St. Louis we would need the order promptly in order to make delivery for you at the proper time.

If you will query Mac, you will find that we told Mac

that we were not in the habit of confining Golden Sleep to any one dealer in any town much less in a town the size of Springfield but we felt in fairness to our salesman, he should be contacted before an order was accepted from a concern outside of his territory for shipment into his territory. In this, we feel sure you will agree.

[fol. 874E] It would seem to me that it would be wise prior to the Anniversary promotion or any future promotion to follow the line of your suggestion to get clearance from any other plants before you negotiate with Leath or any similar concern.

With best regards as always, I am

Sincerely yours, M. L. Hass, Sales Director, Sealy Company of the Southeast.

MLH/c

cc: Mr. E. H. Bergmann, Cleveland, Ohio.

# [fol. 875E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 464

July 26, 1954.

Mr. H. N. Ryden Sealy Mattress Company 301-325 Southwest 8th Street Des Moines 8, Iowa

# Dear Harry:

In reading your letter of July 20th, at this point I feel like a great deal of discussion has been carried on over something which is now dead, and things that are dead

ought to be allowed to remain dead and buried.

I can't, however, pass this by without clarifying one thing. In your letter to us of July 8th, in reading it Mac finds that there were some conflicting thoughts. In order to clarify it, he called you but you were not in, and then he talked to Harry Fouts who suggested that he take the matter up with you, and on the following Monday you would call Mac, which you did.

You gave Mac the impression that you wanted to go along, but you would like to ship the goods to the Leath store in your area, but that you would have to clear it with your salesman who was out of town. We therefore, did not forward the order to you since our orders were blank purchase orders that were given to us by Leath & Company, and we did not want to be in a position of typing an order and mailing that to you, as well as to Leath, only to find that your salesman might have objections to Leath having the mattress in a town in your territory. That, of course, would have been very embarrasing, to say the least.

Because of the necessity of your contacting your salesman, and our inability to tell Leath that they could have the Golden Sleep in a store in your territory, and, coincidentally, our inability to tell them that they could have it in Springfield, Illinois either, as the result of the necessity of Memphis having to clear with their own salesman—we were unable to confirm the deal with Leath & Company. They could not wait because they were behind in their schedule of planning and advertising already, and the cancellation followed.

[fol. 876E] Another thing I want to straighten out is that there never was any idea in our mind that we wanted to ship to Leath & Company in your territory. Mac went along apparently on an old basis, where it was their impression that you had asked us to ship to Leath in your territory previously. We had no desire to ship for anybody in territories outside of our own. This is our normal reaction, and, at the present time, when we are so terribly behind in our orders with a big backlog, we certainly are not looking for more responsibility than we are able to say grace over now.

As indicated heretofore, however, the matter is now dead. Since the cancellation, and apparently as a result of the request on the part of some Leath store managers to have Golden Sleep around the Chicago area, where both Golden Sleep and Posturepedic are in the middle of a hard-advertising program, they are going to take a carload of Golden Sleeps and Posturepedics into their central warehouse, which is in Rockford, Illinois. The plan is that for only those stores who request a display of Golden Sleep, as developed by the Sealy salesman, who call on these stores and work these out with the floor managers, will there be

any Golden Sleep and Posturepedic shown in the immediate

future.

We have also discussed with them the advisability of the Anniversary for next year. This, to clarify the situation, is based upon each factory supplying the stores in the area they service. Orders would come, to start with at least, directly to us in Chicago and we in turn would redistribute them to the factories until such time as we could work something out with Leath & Company where they would mail orders directly to those plants involved. Perhaps that could be done in the beginning.

We should, therefore, ask permission for everyone to solicit their business for the January Anniversary, and whatever additional resale goods we might be able to sell them. They have expressed a real interest in the resale

line of sleepers but it appears that it is a little too late for them to take that on this year.

We would like, therefore, to have your permission to solicit them for Sealy resale goods or promotional effort established on a national basis for 1955. I am sending copy of this letter to Memphis and Detroit and respectfully request their permission also.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

#### MAK:nmk

cc: P. D. Brown—Detroit, Marcus Haas—Memphis— E. H. Bergmann.

### [fol. 877E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 465

August 3, 1954.

Mr. Morris A. Kaplan Sealy Mattress Company 903-933 North Halsted Street Chicago 22, Illinois

# Dear Morry:

Replying to that part of your letter of July 26th, pertaining to plans for soliciting business from the Leath stores.

Because of certain arrangements already made in Dubuque, it is impossible for us to solicit business in that city from the Leath store.

We kindly request that you notify the Leath organization that there is to be no delivery of Sealy products from their central warehouse in Rockford, Illinois, or for that matter, any inter-store exchange of merchandise into the Iowa territory.

In regard to Davenport, we have a different approach, as to the future solicitation. Whatever Sealy products the Leath Company purchases, we will gladly supply the Davenport store. As in past years, orders for the Davenport store are to be mailed to us here at Des Moines, for manufacturing and shipping. But, again, in the case of Davenport, the same notification should go to the Leath organization that no goods be supplied from the central warehouse at Rockford, and no inter-store exchange of Sealy merchandise into the Iowa territory.

Mr. Fouts is fully acquainted with the details of our previous correspondence regarding this matter.

Yours very truly, Sealy Mattress Company, Vice President.

HNRvden:nw

CC: E. H. Bergmann, P. D. Brown, Marcus Haas.

# [fol. 878E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 466

August 10, 1954.

To: Mr. M. A. Kaplan—Chicago Mr. Harry Ryden—Des Moines Mr. Marcus Haas—Memphis Mr. P. D. Brown—Detroit

#### Gentlemen:

The writer has accumulated a file of some five or six letters during the past two weeks between the above plants on the subject of the Leath Stores and their apparent desire to buy Sealy merchandise in all of the stores.

The writer's memory going back to the war days was that this group had some 20 odd or possibly 30 stores spread across several of the Sealy territories. If I remember correctly, we successfully sold them large quantities of the Air Woven Tuftless mattress at that time.

The writer is not familiar with the location of these stores and this letter is directed to the licensees whose names have appeared in the above mentioned correspondence asking that each licensee furnish to the writer a list of the Leath Stores in his respective territories. I would like to get this information in order to evaluate the location of the stores and what is at stake individually and collectively in the selling of this group of stores.

It seems that it is a shame that for some reason business to the extent of a thousand pieces of goods must be sacrificed. It is hard for me to make 2 and 2 come out to 4 in a case like this, unless there is a unbearable damage on the part of someone that more than offsets the total benefit due to the group, and of course Sealy, Inc.

In accordance with the handling of the Board of Directors of a program to work out a procedure of selling multiple store co-ownerships which embrace several Sealy

plants, and as enumerated in bulletin SP-18 issued on May 28th, 1954, the writer is going to procure what data he needs relative to the group in question, and in accordance with item No. 3 of the program A as promulgated, will set a date for a meeting of the affected licensees. This date will try to be worked out in conjunction with the coming meeting of the Board of Directors on September 20th through the 22nd.

[fol. 879E] Will each of the plants addressed by this joint letter please furnish immediately the information requested as to the number of stores of this group in each territory and any data relative to the reasons why certain stores cannot be sold.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB/rl

# [fol. 880E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 467

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

301-325 Southwest 8th Street Telephone 3-5165 Des Moines 8, Iowa

August 12, 1954.

Mr. Earl H. Bergmann Sealy, Inc. 2012 W. 25th Street Cleveland 13, Ohio

#### Dear Earl:

We are in receipt of the copy of your letter of August 10th, addressed to four different Sealy plants, asking for information regarding the Leath Stores. Here is the information regarding our area:

Dubuque—To sell the Leath Store in Dubuque would cause unbearable damage. We have exclusive arrangements with a dealer who gives Sealy exclusive.

Davenport—Willing and happy to sell Leath. The store manager is not permitted to buy. Chicago Leath office could send us orders in the same manner as they did during the war when they bought the Tuftless Air Woven mattress.

Yours truly, Sealy Mattress Company, Vice President.

HNRyden:nw

# [fol. 881E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 468

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

903-933 North Halsted Street Telephone MIchigan 2-2050 Chicago 22, Illinois

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th Street Cleveland, Ohio

August 13th, 1954.

#### Dear Earl:

Following is the list of Leath & Company Stores.

Chicago Territory:
Anderson, Indiana
Appleton, Wisconsin
Aurora, Illinois
Beloit, Wisconsin
Belvidere, Illinois
Bloomington, Illinois
Danville, Illinois
Decatur, Illinois
Decatur, Illinois
Eau Claire, Wisconsin
Elgin, Illinois
Fond du Lac, Wisconsin
Freeport, Illinois
Galesburg, Illinois
Galesburg, Illinois
Green Bay, Wisconsin
Janesville, Wisconsin
Joliet, Illinois
Kalamasoo, Michigan
Kokomo, Indiana
LaCrosse, Wisconsin
Marion, Indiana
Marshfield, Wisconsin
Marion, Indiana
Marshfield, Wisconsin
Moline, Illinois
Muncie, Indiana
Oshkosh, Wisconsin
Rockford, Illinois
Saginaw, Michigan
Springfield, Illinois
Sterling, Illinois
Wausau, Wisconsin
Warehouse: Rockford, Illinois

Des Moines Territory:
Davenport, Iowa
Dubuque, Iowa
Dubuque, Iowa
Dubuque, Iowa
Dubuque, Iowa
Dubuque, Iowa

Sincerely yours, C. B. McGillivray, Sealy Mattress Company.

CBM:H

[fol. 882E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 469

Dict. 8/14/54. August 17, 1954.

Mr. Harry Ryden Sealy Mattress Co. 301-325 S. W. 8th St. Des Moines 8, Iowa

# Dear Harry:

Thanks for your leter of August 12th relative to information concerning the Leath Stores in your territory. Your letter is the first one to come is and I suppose within the next day or two. I will have the other data and then we will see what we can finally work out, so that we don't pass up possible business from 30 stores because of maybe not shipping to an isolated store here and there. Surely something can be done without harm to all.

I note something odd to me in your letter relative to Dubuque. You speak of an exclusive dealer. I am not familiar with Dubuque, and so I look up the population and I note that it is an excess of 70,000, and brother you must have some dealer to give him exclusive on Sealy for a city

that size.

Harry, I am wondering if you would be good enough, or willing, to send me a total resume in dollars and cents of the kind of business that you get from this dealer, say for the past 3 or 4 years. I am sure that this information would have to be considered in an overall discussion such as I propose.

Regards.

Yours very truly, Sealy, Incorporated, E. H. Bergmann.

EHB/rl

[fol. 883E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 470

SEALY COMPANY OF THE SOUTHEAST
Sleeping on a Sealy is Like Sleeping on a Cloud

P. O. Box—354 S Parkway West Memphis 2, Tennessee

August 19,1954.

Sealy, Inc. 2012 W. 25th Street Cleveland, Ohio

Attn: Mr. E. H. Bergmann

Dear Earl:

Thank you for copy of your letter of August 10. The only Leath store in our territory is in Springfield, Illinois.

Best regards, I am

Yours sincerely, M. L. Haas, Sales Director, Sealy Company of the Southeast.

MLH/e

[fol. 884E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 471

Dict. 8/14/54 August 17, 1954.

Mr. Ralph Swearingen Sealy Mattress Co. 1115 Franklin St. Louisville, Ky.

Dear Ralph;

As I promised you, I immediately called Mr. McGillivray of the Chicago plant relative to the Sealy merchandise which appeared in the window of Taft & Baker in Rushville, Indiana.

Mr. McGillivray knew nothing of it, and as a matter of fact stated at the time I spoke to him that he did not know as to whether they even sold these people in Elwood. He stated that he would immediately investigate and advise me.

After I had reached my home last night, a telephone call came through from Mr. McGillivray and he stated that they did not sell Taft and Baker and that therefore the merchandise could not be so far as he could see Chicago made good. It is my understanding that he conveyed this information to you.

Will you please dispatch one of your men immediately to Rushville and find out which Sealy plant furnished the merchandise, so that we may trace the matter further.

The writer will be in his Cleveland office until the evening of Wednesday the 18th and on the 19th and 20th will be in the national office at Chicago.

Very truly yours, Sealy, Incorporated, E. H. Berg-

EHB/rl

ce: Mr. G. V. McGillivray-Chicago.

# [fol. 885E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 472

Dict. 9/1/54. September 7, 1954.

Mr. Ralph Swearingen Sealy Mattress Co. 1115 Franklin St. Louisville, Ky.

# Dear Ralph:

What happened to the matter of Sealy merchandise appearing in Rushville, Indiana?

I have not had a reply to my letter of August 17th and I would like to clear my files of this matter before the Board meeting.

Will you please advise me as to what you found relative to the source of the merchandise which appeared in the window at Rushville?

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB/rl.

# [fol. 886E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 473

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress 200 Cabel Street—Louisville 6, Kentucky—Phone WA 1366

> Sept. 9, 1954. Lou, 13, Ky.

## Dear Ralph:

In regards to the Sealy merchandise displayed in Tafts Furniture Store, Rushville, Ind.

The window full as related to you by Mr. Hendren, consisted of 2 posturepedic combinations, I personally checked these items as to where they were manufactured, three pieces was manufactured by Sealy of Louisville, and one piece by Sealy of Chicago.

I talked with several people connected with Taft Furniture Co. naturally they were very secretive concerning where the mattresses came from. I did learn from a ruck driver that this merchandise was picked up in Indianapolis, (definite place unknown.) Insofar as this merchandise was labeled from both Louisville and Chicago, I am of the opinion the Louisville items was from the load we supplied to Sealy Indianapolis Warehouse, for the Pearson Stores, now since we have received many guarantee cards from all over the northern part of Indiana, this would indicate mixing of our bedding and Chicago bedding once reaching the warehouse, therefore Mr. Taft could be getting his supply from most any northern source.

I think this is being done without the knowledge of any of our Chicago Friends.

Will appreciate any help in correcting this nuisance, insofar as it could eventually cost us the Hendren & Foster accounts (\$16,000.00 this year) At present the situation is well in hand. I am enclosing a copy of newspaper ad. Mr. Hendren is content to let it ride until we can definitely locate the leak.

Best regards, Leon.

P.S. I was in Columbus today, the feelings are still somewhat strained with Buchanan-Jones, however I now feel they will heal sufficiently to permit our again selling them in quantity. Banner & Whitehill of Indianapolis, will open a new store in Columbus before Christmas, suggest we think about this and work with Chicago before hand to avoid a similar Pearson incident.

[fol. 887E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 474

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress 200 Cabel Street—Louisville 6, Kentucky—Phone Wa 1366

September 13, 1954.

Sealy Incorporated 2012 W. 25th. Street Cleveland, Ohio

Attn: E. H. Bergmann-

#### Dear Earl:

In answer to your letter of September 7, 1954, regarding Taft Furniture Store, Rushville, Indiana.

I am enclosing a report from Leon Prising, after he had personally checked the items in the Taft Furniture Store, and I think this report will give us something to go on. Also, I am enclosing an ad from the Rushville paper which you will note is not our mat, but is called a Sealy Posturepedic.

Earl, If you will remember several months ago we sent about eighty or ninety pieces of Posturepedics to the Indianapolis warehouse and according to Leon's report, he thinks possibly they have gotten Posturepedics either from the Indianapolis warehouse or from some of the northern stores with the Louisville label. He states in his report they have both the Louisville and Chicago labels. However, I do not think this will continue because as I understand it was done more for spite, and unless they are making some money on the bedding, I do not think they will take up space in their store without making a profit. However, I feel this matter should be checked with the Indianapolis warehouse and if this is going on it should be corrected.

You will note at the bottom of Leon's report that Banner

& Whitehill of Indianapolis are planning on opening their store in Columbus before Christmas. Before the store is opened I would like it clear with Chicago that we are going to service this account from the Louisville plant. This understanding with Chicago would prevent any trouble from starting, such as the trouble we now have with the Pearson store.

Best regards,

Ralph B. Swearingen, Sales Manager.

S;s

## [fol. 888E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 475

Dict. 9/25/54. September 27, 1954.

Mr. Ralph B. Swearingen Sealy Mattress Co. 1115 Franklin Street Louisville, Ky.

## Dear Ralph:

Your letter of September 13th arrived in Cleveland after I had left for Chicago on the night of the 14th for the purpose of preparing for the Board Meeting of September 20th and 21st. Hence the delay in acknowledgement of receipt and reply.

I am going to write to Mr. McGillivray of the Chicago plant and will send to him a copy of your letter as well as

the report from Leon.

I agree with Leon that this nuisance should be eliminated and I will do everything that I possibly can to accomplish it.

I also fully agree with Leon's observation relative to the Banner & Whitehill Co. of Indianapolis, and I shall so write to the Chicago plant.

I shall advise you of any further developments.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/rl

[fol. 889E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 476

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress 2307 Hollins Street—Baltimore 23, Maryland Gilmor 5-7010

August 24, 1954.

Mr. Earl Bergmann Sealy, Incorporated 2012 West 25th Street Cleveland 13, Ohio

Dear Earl:

Enclosed please find copy of letter written to Gene Kligman about the discount operation of "Masters" in Washington, D.C. This is hurting and hurting plenty. We need immediate action to stop same. They must be selling upwards of 100 pieces per week in Washington, D. C. I am spending my good money to put over Sealy in Washington and Brooklyn is getting the benefits. I feel I should be entitled to a tremendous payment from Brooklyn on this operation. I warned Brooklyn months ago, and they told me they could control this outfit from shipping to their Washington store. That is a good joke. That is the reason Masters opened a Washington store—to serve as a mail order house in a territory where there is no fair-trade law.

Earl, besides this particular happening, this discount operation is getting worse and worse, and I would like to see a discussion on same on the agenda of our September Board meetings. We are going to have to establish some sort of national policy, or quite a few, like myself, are going to get hurt by happenings such as above.

I am also enclosing an ad run by Wanamakers, Phila-

delphia on a Sealy Sleeper with \$79.50 Posturepedic mattress at \$199.00. Our minimum is \$229.00. Three stores in my territory have thrown this ad in my face and are threatening to do the same thing. We cannot uphold our National policies if our neighbors do not do the same. This, of course, is another problem for the Board. I know myself, just how hard it is to keep the stores in line with their advertising. They tell you one thing and when the ad appears, it is something else, and it is too late to stop it. The whole problem is so complex that you can go crazy, but there must be a solution.

[fol. 890E] I want to call your attention again to our problem with Fisher and the way he is selling Fisher Lounges. They are selling our styles, in our resale covers, as a bed made by Sealy, (with a Fisher health tag, of course), and selling them \$20.00 or more below our prices and these beds are in turn being sold by the stores as a Sealy bed. The average layman, of course, goes for this because he can save money. This, I know, is the same as your Ohio mattress problem, and we for one, want to see something definite done to stop this. We have discussed this at some lengths, and I know the problem is involved, but it must be stopped, if Sealy is to remain where it is and continue to grow.

I do not envy you the problems involved in this letter, but I do have the utmost confidence in you to handle same.

Please let me hear from you as soon as possible.

Kindest regards.

Sincerely yours, Sealy Mattress Company, J. R. Rudick.

jrr;rs

Enclosures\_2

# [fol. 891E] IN UNITED STATES DISTRICT COURT

August 24, 1954.

Mr. Eugene Kligman Sealy Mattress Company 460 Morgan Avenue Brooklyn 22, New York

#### Dear Gene:

Just a few months ago, I had occassion to write you and then later to talk with you, about the problem of the Masters Chain, selling Sealy merchandise, especially the Pos-

turepedic, in Washington, D. C. at a discount.

You advised me at that time that you were selling them in New York, but had a deal with them that they understood they could not ship it to Washington, D. C. I told you I knew for a fact that they were shipping Sealy Posture-pedics to Washington by their own trucks from New York. You asked for proof, and if I got proof, you would stop supplying them at once.

I now have conclusive proof. We have in our factory a Posturepedic mattress made by you that we purchased for \$54.50 from Masters in Washington, D. C. We also have their bill for same. They are selling them openly and have completely upset our whole business structure in Wash-

ington.

I expect immediate action from you on same. I am sending Earl Bergmann a copy of this letter to place same in Sealy's hands.

I want action and want it immediately on above.

Yours very truly, Sealy Mattress Company, J. R. Rudick

jrr;rs

CC: Earl Bergmann-Cleveland, Ohio.

[fol. 892E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 477

August 26, 1954.

Mr. Joseph Rudick Sealy Mattress Co. 2307 Hollins St. Baltimore Md.

### Dear Joe:

This letter acknowledges receipt of your letter of August

24th together with two enclosures.

I shall await reply from Eugene Kligman as to the Mastered operation. Inasmuch as you told him that you were sending me a copy on the subject, I shall await his reply before writing to him.

I note the ad run by Wannamaker's and I shall dispatch

a letter to Irv Fisher today about it.

A bulletin is being dictated today by me covering the general subject of Con. sealy. beds, which when you receive it, I believe will be self-explanatory.

I note your thoughts of discussing the discount operation during the coming Board meeting, and if we have time I think that is a good suggestion. If time permits, I will

put it on the Agenda.

Very truly yours, Sealy, Incorporated, E. H. Berg-

EHB/rl

# [fol. 893E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 478

September 15, 1954.

Washington and the

Steph Manual Resident

Sealy of the Southwest P. O. Box 7097 Sylvania Station Fort Worth, Texas

Attn: Mr. Louis G. Haas

#### Dear Louis:

Thank you for your letter of September 8.

If the Arcade Furniture Company of Fort Smith, Arkansas is sending Sealy goods of our manufacture to their McAlester, Oklahoma store, it is certainly without our knowledge or approval.

Bob Lawrence will be in Fort Smith next week and will personally handle the matter. As soon as we have a report from Bob, you will be notified officially by letter.

Best regards as always, I am

Yours sincerely, M. L. Haas, Sales Director, Sealy Company of the Southeast.

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### MLH/e

cc: Mr. Earl Bergmann, Cleveland, Ohio, Mr. Bob Lawrence.

official elector quine est larg arrate terisi et en em E en tod choog to quid ultimethe pals bos foramos bris.

Also, I sta the coughty is agreement with the lest set, tonder in Leon's report to Ralph relative to burners a Widebill of Indianapolis, and four receiver of a new store in Columbus before Christians. Tinder no circumstances set there to be any species shapped by Banner & Whilebill.

## [fol. 894E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 479

Dict. 9/25/54. September 27, 1954.

Mr. C. McGillivray Sealy Mattress Co. 903 North Halsted St. Chicago, Illinois

#### Dear Mac:

Upon my return to Cleveland from the Board Meeting, I found a reply to the Taft Furniture Store incident in Rushville, Indiana from Ralph Swearingen of Louisville.

I think the easiest way to get the full thinking of the report from Leon on the Taft matter together with Ralph's letter to me, is to send to you copies of same which are enclosed herewith.

I agree fully with Leon's contention that the warehouse in Indianapolis should be checked as to whether the goods is coming out of there, and I believe that we ought to have the warehouse state their position in writing so that there could be no question about it.

If the warehouse is clear, then it is obvious that this merchandise is being obtained from a store which could be properly termed a feeder. I agree fully with Leon and Ralph's observation that this nuisance should be discontinued before it does some harm to the Louisville account of Hendren & Foster. I am depending upon you to advise the as to what steps you are going to take to check into and control, and stop this shifting of goods across the line of demarcation.

Also, I am thoroughly in agreement with the last sentence in Leon's report to Ralph relative to Banner & Whitehill of Indianapolis, and their opening of a new store in Columbus before Christmas. Under no circumstances is there to be any goods shipped by Banner & Whitehill

to their Columbus store. These matters apparently are for all purposes best handled by saying no right at the beginning, and since we are having so much trouble, I am going to take the position in the case of Banner & White-hill of saying that if they will not agree to the non-shipment of their goods to their Columbus store, that they are not to be sold Sealy merchandise in Indianapolis either. I hate to take this stand, but it looks to me from all the [fol. 895E] trouble we are having, that while it is hard to say in the beginning, a lot of time and irritation is avoided by a firm stand right from the beginning.

Mac, will you please drop me a line on these matters?

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

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EHB/rl

Attach.-2

ce: Mr. Ralph Swearingen-Louisville, Ky.

[fol. 896E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 480

SBALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

1900 Lowe Street—Pittsburgh 20, Pennsylvania Phone Walnut 2-1000

December 28, 1954.

Mr. E. H. Bergmann % Sealy Inc. 2012 W. 25th Street Room 1418-United Office Bldg. Cleveland, 13, Ohio

Dear Earl:

Sometime early in November the Ohio Mattress Co. delivered to the Brown Furniture Co. of Salem, Ohio (Pittsburgh Territory) fourteen (14) pieces of Harvest Special bedding, with Sealy labels attached. This was called to the attention of Ernest Wuliger, who subsequently informed the writer, that this allegation was investigated by an Ohio Mattress Co. salesman, and that this salesman removed the Sealy labels and replaced these with Ohio Mattress labels On The Dealer's Premises. This implies that there is no difference between Sealy merchandise and Ohio Mattress merchandise laside from the label.

The removal of the Sealy labels in no wise lessens the

The removal of the Sealy labels in no wise lessens the damage we suffered both with the Brown Furniture Co., and with another good customer of ours, in the same city, who assumed that this merchandise had been sold by us to his competitor, and is so provoked by the whole affair that

it is questionable if we can retain his business.

In hen of all this, we respectfully request that you convey this complaint through the proper channels, and that penalties be invoked against the Ohio Mattress Co.

Yours very truly, Sealy Mattress Company, H. F. Kaufman,

HFK/pw

CC: Mr. Wuliger-

[fol. 897E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT. No. 481

SBALY MATTRESS COMPANY

2841 E. 37th St. Cleveland 15, Ohio Telephone VUlcan 3-0444

December 30, 1954.

Sealy Mattress Co. 1900 Lowe St. Pittsburgh 20, Pa.

Attention-H. F. Kaufman

### Gentlemen:

Enclosed herewith is our check for \$140.00.

This is in full settlement of your claim, as outlined in your December 27th letter to us and December 28th letter to Mr. E. Bergmann.

Very truly yours, Sealy Mattress Company, Ernest M. Wuliger.

K-enc co-EHB [fol. 898E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 483

January 7, 1955.

Mr. E. M. Wuliger Sealy Mattress Co. 2841 E. 37th St. Cleveland, Ohio

Dear Ernest:

I acknowledge receipt of my copy of your letter of December 30th to Mr. Kaufman enclosing a check for \$140.00.

I am also in receipt of a letter from Mr. Kaufman under date of January 4th in which he refers to the matter and has forwarded to me your check in the amount of \$140.00.

It is my feeling that this is a matter that should be referred to legal counsel for final decision before anything officially is done relative to it by the national office.

It is my plan to discuss this matter with Mr. Haas on Monday, January 10th and I hope at that time to be able to give you a final handling by the national office.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/rb

# [fol. 899E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 484

January 7, 1954.

Mr. H. F. Kaufman Lowe & McKnight Sts. Sealy Mattress Co. Pittsburgh, Pa.

# Dear Hymie:

This letter acknowledges receipt of your letter of January 4th together with the check in the amount of \$140.00 which you received from the Ohio Mattress Company as a payment of penalty on the part of the Cleveland plant for the shipment of merchandise into your exclusive Sealy territory.

It is my feeling that this matter should be referred to legal counsel for his opinion before the national office makes

any official handling of the controversy.

It is my plan to call Mr. Hass on Monday, January 10th and discuss the entire problem with him before I do anything in the way of official recognition or handling on the part of the national office.

I shall keep you informed as to the counsel's opinion and the finalized handling on the part of the national office.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/rb

# [fol. 900E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 485

January 10, 1955.

### Dear Ernest:

I have discussed with Joseph Haas the correspondence between the Ohio Mattress Company and Sealy Mattress Company of Pittsburgh relative to the shipment of merchandise bearing a Sealy label from the Ohio plant into the Pittsburgh territory.

As you know, under the terms of your contract, such a shipment is in violation of the provision which specifically prohibits any manufacturer or licensee from selling, delivering, or shipping any Sealy product outside of his own exclusive territory. You know of course that this is not the first instance where complaints of this nature have been made against the Ohio Licensee.

We recognize that after the matter was brought up by the Pittsburgh Licensee you tried to correct the situation by removing the labels. I need hardly point out to you, however, that the evil which this particular provision of the contract was inserted to prevent had already occurred. In other words, the damage was done.

Under the contract between Sealy and Pittsburgh, Pittsburgh has the right to demand payment from Sealy of \$10.00 for each mattress sold in its territory provided Sealy collects this sum from the offending Licensee. In turn, your contract provides that you will pay to Sealy upon demand \$10.00 for each mattress sold outside of your exclusive territory.

While I think that under both the letter and the spirit of both contracts we should ask for the payment of \$10.00 per mattress, and in turn pay that over to Pittsburgh, in the general interest of harmony I have suggested to Pittsburgh that this not be insisted upon. They have indicated that they are willing to abide by my suggestion.

I want you to understand, however, that I am taking this

position not because I feel that there was any excuse whatseever for a plain violation of the contract, but only because I feel that it is far more important to emphasize the
seriousness of the offense as it affects the entire Sealy
relationship than it would be to insist upon the payment of a
small amount of money, which would be more irritating
than compensatory; and secondly because no one should
feel that such a serious violation can be expiated by the payment of \$10.00 for each article shipped.

Violations of a contract have a cumulative effect and are not to be considered as acts which can be paid for and for-

gotten.

I hope that there will be no recurrence of this violation, which I think from Sealy's standpoint is most serious.

Very truly yours, -

[Offered-Received-Not read.]

## [fol. 901E] IN UNITED STATES DISTRICT COURT

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GOVERNMENT'S EXHIBIT No. 486

SEALY MATTRESS COMPANY

2841 E. 37th St. Cleveland 15, Ohio Telephone VUlcan 3-0444

January 13, 1955.

Mr. E. H. Bergmann Sealy Incorporated 2012 West 25th St. United Office Bldg. Room 418 Cleveland 13, Ohio

#### Dear Earl:

This will acknowledge your January 7th letter relative to the Pittsburgh matter.

I just want to say that I don't think the \$140.00 fine is in order. I think that Frenchy is acting a little childish, but of course that is his prerogative. Whatever way you adjust the matter is satisfactory to me. If you care to discuss it further, I will be happy to do so.

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Very truly yours, The Ohio Mattress Company, Ernest M. Wuliger.

EMW:HT

MIRON SAN SON STATE

# [fol. 902E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 487

Dict. 1/12/55.
January 14, 1955.

Mr. Ernest M. Wuliger
Sealy Mattress Co.
2841 East 37th St.
Cleveland, Ohio

## Dear Ernest:

I have discussed with Jos. Haas the correspondence between the Ohio Mattress Co. and the Sealy Mattress. Company of Pittsburgh relative to the shipment of merchandise bearing a Sealy label from the Ohio Mattress Co. into the Pittsburgh exclusive Sealy territory.

As you know, under the terms of your contract, such shipments are in violation of the provision which specifically prohibits any manufacturer or licensee from selling, delivering or shipping any Sealy product outside of his own exclusive territory. If my memory serves me correctly, this is not the first instance where complaints of this nature have been made against the Ohio Mattress Co.

This office recognizes that after the matter was brought up by the Pittsburgh licensee that the Ohio Mattress Co. tried to correct the situation by removing the labels. However, the error which this particular provision of the contract was inserted to prevent had already occurred. In other words, the damage was already done.

Under the contract of Sealy, Inc. and its Pittsburgh licensee, the Pittsburgh plant has the right to demand payment from Sealy, Inc. of \$10 for each mattress sold in its territory provided that Sealy, Inc. collects this sum from the offending licensee. In turn, your contract provides that you will pay to Sealy, Inc. upon demand \$10 for each mattress sold outside of your exclusive Sealy territory.

While I think that under both the letter and the spirit

of both contracts, Sealy, Inc. should ask for the payment of \$10 per mattress, and in turn pay that sum over to the Pittsburgh licensee, in the general interest of harmony, I have suggested to the Pittsburgh licensee that this not be insisted upon. They indicated that they are willing to abide

by my suggestion.

Please understand, however, that I am taking this position not because I feel that there was any genuine excuse whatsoever for the violation of the contract in this manner, but only because I feel that is far more important to emphasize the seriousness of the mistake as it affects the entire Sealy relationship than it would be to insist upon a payment of [fol. 903E], a small amount of money, which would be more irritating than compensatory; and secondly because no one should feel that such a violation can be expiated by the payment of \$10 for each article shipped.

The sad truth is that any violations of a contract have a cumulative effect and I hope that there will be no reoccurrence of this type of violation on the part of the Ohio

Mattress Company.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/rb

cc: Mr. H. F. Kaufmann-Pittsburgh, Mr. Jos. F. Haas-Atlanta, Gi.

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[fol. 904E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 488

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THE OHIO MATTRESS COMPANY
Bedding Manufacturers Since 1907

2841 East 37th Street—Cleveland 15, Ohio—VUlcan 3-0444

January 17, 1955.

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Sealy Incorporated 2012 West 25th Street United Office Bldg. Room 418 Cleveland 13, Ohio

Attention: Mr. E. H. Bergmann

Dear Earl:

I have read your January 14th letter with further reference to the Pittsburgh matter.

I think that Sealy Incorporated will have to look at situations of this kind somewhat the same as the government does in the enforcement of its laws; namely, much more importance should be placed on the intent behind the act rather than on the action itself.

I can understand the reason for the Pittsburgh plant being irritated at what happened; however I think that, if their business with this customer was on a sound basis to begin with, a brief explanation of what happened should suffice to clear up the incident. I think that if the tables were reversed, I could satisfactorily explain the matter without losing the customer, unless I was about to lose the customer anyway.

I felt that Pittsburgh's demands for restitution were contractually correct but, as I said before, childish. If they felt that the shipment was a deliberate violation, then they should definitely have demanded the payment and should not now give up their rights to the payment. However, I

am quite sure that they did not think this was the case and merely demanded the payment to "teach us a lesson".

We watch this situation very closely and have a pretty good set of controls to avoid this type of incident; however as long a human beings are human beings, some mistakes are bound to occur.

Kind remrds.

Very truly yours, The Ohio Mattress Company, Ernest M. Wuliger.

EMW:HT

CC: Mr. H. F. Kaufmann, Pittsburgh, Mr. Jos. F. Haas, Atlanta, Ga.

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[fol. 905E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 489

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

1900 Lowe Street—Pittsburgh 20, Pennsylvania Phone WAlnut 2-1000

February 17, 1955.

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Mr. E. H. Bergmann Sealy, Inc. 2012 W. 25th Street Cleveland 13, Ohio

Dear Earl:

I have been waiting until you got back from your Southern vacation and your subsequent return from Chicago, before commenting on your January 14th letter to Ernest Wuliger.

I was frankly astonished by the fifth paragraph of this letter. In my brief discussion with you, I don't recall giving you any indication that we would forego the \$10.00 per mattress penalty, and we certainly do insist upon this penalty being invoked.

Wou may recall that a similar incident occurred at Spear & Company in Pittsburgh in the summer of 1953, wherein the Ohio Mattress Company delivered to Spears, some 60 odd pieces with Sealy labels. In my discussion with Ernie regarding this violation, at the directors meeting in Pittsburgh, September 1953, I told him that we would overlook the Spear violation, but on any subsequent violations would demand our full contractual rights. I am sure that Ernie understood at that time that I meant what I said.

We have no intention or desire to "teach a lesson" to the Ohio Mattress Company. I am sure that the sum of \$140.00 means very little to them. This sum, I am sure, is even less than the cost of a dinner meeting for May Stern's floor salesmen at the Park Schenley restaurant. We have merely decided that a line must be drawn and that we cannot overlook any violations at all, whether deliberate or unintentional.

[fol. 906E] We are looking to Sealy Incorporated to invoke penalties against the Ohio Mattress Company for the 14 pieces shipped in our territory.

I would appreciate an acknowledgement of this letter.

Yours very truly, Sealy Mattress Company, H. F. Kaufman.

HFK/pw

ce: Ernest Wuliger.

A CONTRACT OF THE SAME TO SAME

arratheest rates more shed ma way titue yachten wont too troped agranist() more marra, ha appealed your figures.

# [fol. 907E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 490

March 11, 1955.

Mr. E. M. Wuliger Sealy Mattress Company 2841 East 37th St. Cleveland, Ohio

#### Dear Ernest:

In accordance with the letter of Feb. 17, 1965, from the Sealy Mattress Company of Pittsburgh, a copy of which was sent to you, it becomes quite apparent that is necessary for Sealy, Inc., to accede to the contractural rights of the Pittsburgh plant because of the incident which occurred at the Brown Furniture Company of Salem, Ohio. This incident was fully outlined in the letter of Dec. 28, 1954, addressed to the National Office, and copy of which was directed to your attention.

We are returning to you your check No. A14036 in the amount of \$140.00 which was issued to the Sealy Mattress

Company at Pittsburgh.

Since the contract states specifically that the collection of the penalty is to be assessed by the National Office and in turn paid to the licensee who has demanded payment it is my suggestion that you re-issue the check to Sealy, Inc., and upon receipt of same we will pay a like amount to the Sealy Mattress Company of Pittsburgh.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:jk



[fol. 908E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 491

MESSAGE

To: Bertha

From: E.H.B.

Date: March 17, 1955

Use this as support for your disbursement voucher for check in the amount of \$140.00 payable to the Sealy Mattress Company of Pittsburgh.

Reply — Date of Reply —

[fol. 909E] From the desk of-

bus south families, sale of he are a

Att:

Kay K. Kaplan.

Mr: Bergmann (replacing our check to Sealy of Pgh.)

Matti I to who were

K

## [fol. 910E] IN UNITED STATES DISTRICT COURT

**GOVERNMENT'S EXEMPT No. 492** 

March 17, 1955.

Mr. H. F. Kaufman Sealy Mattress Company 1900 Lowe Street Pittsburgh 20, Pa.

## Dear Hymie:

In accordance with your letter of February 17th we have requested the Ohio Mattress Company of Cleveland to pay to Sealy, Inc., the amount of \$140.00 covering the contractural rights of the Sealy Mattress Company of Pittsburgh because of the incident which occurred at the Brown Furniture Company of Salem, Ohio.

Please be advised that we have received payment from the Ohio Mattress Company of the said \$140.00 and Sealy,

Inc., check for like amount is enclosed herewith.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:jk

encl.

oc: E. M. Wuliger.

# [fol. 911E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 493

February 10, 1955.

Mr. Bill Edie Logan Company 1115 Franklin Street Louisville, Kentucky

### Dear Bill:

We have a customer, Wylie's Furniture Company, Decatur, Indiana, who has refused to buy the Anniversary Promotion from our factory because he has purchased the promotion from the Logan Company as he has another store which lies in your territory.

This has been checked and the store in our territory has the Sealy Anniversary mattress and boxspring in his win-

dow carrying your law label.

This, of course, is an obvious violation and I wish you would get this stopped, immediately and confirm.

The dealer is apparently trucking your merchandise from

the store in your territory into our territory.

"Sin-Sealy" yours, Sealy Mattress Company, C. B. McGillivray, Sales Manager.

#### CBM:LG

cc: M. Kaplan, E. H. Bergmann, B. Klein.

# [fol. 912E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 494

SEALY MATTERSS COMPANY 2841 E. 37th St. Cleveland 15, Ohio Telephone VUlcan 3-0444

June 20, 1955.

Mr. E. H. Bergmann Sealy, Inc. 666 Lake Shore Blvd. Chicago, Illinois

Dear Mr. Bergmann:

We have received instructions from the Myer Frank Furniture Co. of Warren, Ohio that they have given up their Warren warehouse and are receiving merchandise only at their warehouse in Farrell, Pa., in which city they also have a retail store.

Myer Frank Co. has also assured us that merchandise shipped to their warehouse in Farrell, Pa. will be used only

on sales made in their Warren, Ohio store.

This store has made these arrangements with all its suppliers and we see no alternative but to comply with the instructions given, at the same time notifying you so that you are apprised of the situation and our intention to comply with Sealy's policy covering this kind of situation.

Kindest personal regards,

Sincerely yours, Sealy Mattress Company, Roy B. Unger, Sales Manager.

RBU :jsr

cc: E. M. Wuliger, A. J. Gregor.

Sealy Factories in 31 Cities.

Makers of the Famous Sealy Posturepedic Mattress.

## [fol. 913E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 495

July 6, 1955.

Mr. Roy Unger Sealy Mattress Company 2841 East 37th Street Cleveland, Ohio

Mr. J. DiSalvo Sealy Mattress Company Lowe & McKnight Streets Pittsburgh, Pennsylvania

#### Gentlemen:

This is merely a check up and follow through on the letter written by Roy Unger to the writer on June 20 relative to the peculiar situation of the Myer Frank Furniture Company of Warren, Ohio and Farrell, Pennsylvania.

You gentlement recall that together with Mr. Gregor and Mr. Kaufman we discussed this particular matter during

the past market.

It was the consensus of the discussion that Mr. Kaufman and Mr. DiSalvo were to discuss this matter with the Farrell store and advise both the Cleveland plant and this office as to how they felt it would be possible to work out an arrangement which would be agreeable to all.

Please advise me as soon as you gentlemen have come

to a definite decision.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/jg

## [fol. 914E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 496

August 9, 1955.

Mr. Roy Unger Sealy Mattress Company 2841 East 37th Street Cleveland, Ohio

Mr. J. DiSalvo Sealy Mattress Company Lowe & McKnight Streets Pittsburgh, Pennsylvania

#### Gentlemen:

This letter refers to my joint letter to you gentlemen on July 6th relative to the situation concerning the Myer Frank Furniture Company of Warren, Ohio and Farrell, Pensylvania.

I have not heard from either of you therefore I am inclined to believe that no decision has been reached but I would appreciate having a word from one or both of you so that I might close my files.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:ef

[fol. 915E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 497

SEALY COMPANY OF THE SOUTHEAST

Sleeping on a Sealy is like Sleeping on a Cloud

P. O. Box 2847—354 S. Parkway, West Memphis 2, Tennessee

July 25, 1955.

Sealy, Inc. 666 Lake Shore Dr. Chicago, Illinois

Attn: Mr. E. H. Bergmann

## Dear Mr. Bergmann:

Our St. Louis salesman has advised that the Harrison Wholesale Company, whose main office is in Chicago, but who has a branch in St. Louis located at Natural Bridge & Florissant have Sealy mattresses in their catalogue.

These mattresses have alternate names from the regular resale line, but are definitely advertised and billed as Sealy goods. We would like to know if this is not a violation of the territory policy, if these orders are to be filled by the Chicago plant. We would appreciate hearing from you at your earliest convenience.

Sincerely yours, D. B. Embree, Sales Department, Sealy Company of the Southeast.

### DBE/ra

Manufacturers of Bedding and Convertible Sleeping Equipment.

# [fol. 916E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 498

August 3, 1955.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

Dear Mrs. Embree:

The writer has been away from the office for some time and, therefore, the slight delay in reply to your letter of July 25 concerning the Harrison Wholesale Company operating out of St. Louis.

This writer has known of the Chicago plant selling Sealy merchandise to the Harrison Wholesale Company for several years, but to the best of his knowledge they have strictly confined their activities, heretofore, to the Chicago area. Apparently, they have now branched out into St. Louis, or if they have always had a branch in St. Louis they apparently did not handle Sealy merchandise out of it before this time. If they did no one was aware of it,

I would say definitely it would be a violation of your territory and contract if the Chicago plant shipped merchandise to St. Louis for Harrison Wholesale Company. It may be the Chicago plant is entirely innocent about the matter not knowing it is being handled out of St. Louis. Actually, the orders may be placed here by the Chicago office, and shipped out of a central warehouse operated by Harrison entirely unknown to the Chicago plant.

I will immediately take it up with the Chicago plant, and find the true status of the handling. Rest assured we shall immediately take the proper steps to see to it that it is brought in line of our territory and contract policies.

Just as soon as I have some further information I shall advise you.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

### [fol. 917E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 499

August 3, 1955.

Mr. Morris A. Kaplan Sealy Mattress Company 903 North Halsted Street Chicago, Illinois

### Dear Morry:

The Memphis office has called to my attention a situation concerning the Harrison Wholesale Company who I know you have been selling for a number of years here in Chicago.

It appears they have a branch in St. Louis located at Natural Bridge and Florissant. They have a catalog which shows Sealy mattresses with the alternate names from the regular resale line. They tell me they are definitely advertised and billed as Sealy goods. I gather this means they are being billed by Harrison Wholesale in St. Louis.

I have a feeling that so far as your office is concerned you have no knowledge of the fact Harrison Wholesale is selling merchandise of the Sealy brand in St. Louis. What is happening is they are ordering these mattresses from you out of their Chicago office, delivering them to their Chicago warehouse, and in turn shipping them to St. Louis.

Now that the matter has been brought to our attention it will be necessary for us to check in from this end, and find out the true status of the handling. Also, for you to take proper steps to eliminate Sealy mattresses being sold by Harrison outside of your territory, unless those orders are cleared through the national office so they can be channeled to the proper operating unit.

Inasmuch as Memphis is on my back about it would you check with MacGillivray or whoever necessary to see if we cannot bring this thing quickly to a satisfactory conclusion.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

[fol. 918E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 500

## SEALY MATTRESS COMPANY

Sleeping on a Sealy is like Sleeping on a Cloud

Chicago 22, Illinois 903-933 North Halsted Street

August 8, 1955.

Mr. E. H. Bergmann Sealy Incorporated 666 Lake Shore Drive Chicago 11, Illinois

#### Dear Earl:

In reply to your letter of August 3rd regarding the Memphis, Office telling you about Harrison Wholesale Company, I do not understand what this situation can be.

We do not sell Harrison Wholesale any Sealy goods. We sell them a private brand line of merchandise, and, to my knowledge, they have never even asked us for Sealy goods.

Whether you are aware of it or not, however, Harrison Wholesale do buy a catalog line of Sealy goods through-Sealy Incorporated. If they have any Sealy goods in St. Louis, such Sealy goods would probably have been furnished them by Sealy of Memphis rather than ourselves.

Just to make sure there couldn't be a slip-up here, I will have the matter checked by our Order Department and by Mr. McGillivray.

It might also help to ask the St. Louis office of Memphis factory to report the law label on this merchandise.

Best regards.

Yours very truly, Sealy Mattress Company, Morris A. Kaplan.

#### MAK:mk

cc: C. B. McGillivray, Order Department.

## [fol. 919E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 501

August 11, 1955.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

Dear Mrs. Embree:

I am afraid I am going to have to have further information from you relative to the matter of the Harrison Whole-

sale Company selling Sealy merchandise.

I find we do sell them Sealy merchandise through the catalog program, but the merchandise that we have listed is indicated by the symbols of S-130 to S-155. It is true that they are called Sealy's, but they are not identified as indicated by your letter as having the alternate names from the regular resale line. I have no knowledge that these items are advertised as Sealy out I gathered from your letter that apparently advertisements have appeared in newspapers on these items.

We have made a number of sales to Harrison Wholesale Company for these items, and just in the last few weeks we sent you our order #429 dated July 22 for a shipment

to East St. Louis, Illinois.

Would you please ascertain if it is possible to get one of these catalogs or to send to me further evidence of this advertising. If you cannot get the catalog will you have your man procure for you the names these people are using, and more data so I can dig into it further.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/lp

## [fol. 920E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 502

August 11, 1955.

Mr. Morris A. Kaplan Sealy Mattress Company 903 North Halsted Street Chicago 22, Illinois

### Dear Morsy:

In reply to your letter of August 8 relative to the Harrison Wholesale Company I must admit your letter shows how dumb I am.

It never occurred to me for a second that Harrison Wholesale could be one of the companies we sell Sealy merchandise to through Henry Lipson's catalog program. This, of course, throws an entirely different light on the subject. I shall write to Mrs. Embree further on this subject, and I have a feeling the story will be entirely different than that as outlined by her in her letter of complaint of July 25.

Incidentally, I have checked our file here and I find we have received a few orders from Harrison and as a matter of fact we have sent a couple of orders to Memphis for delivery in the southern part of Illinois.

If I have any further problems in connection with this item, I will write or talk to you about it later.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB/lp

## [fol. 921E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 503

September 20, 1955.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

### Dear Mrs. Embree:

This being Saturday I have had a chance to somewhat clean up my desk and take a look at my follow up file.

I do not find a reply to my letter of August 11 relative to the obtaining of one of the catalogs from the Harrison Wholesale Company to determine whether or not these people are selling merchandise other than that offered to them through the catalog program.

I am particularly anxious to nail down whether or not they are offering our regular resale items under the alternate names as claimed by your St. Louis salesman.

Another point that definitely we want to nail down is his statement that these are definitely advertised. In this respect I would like to know whether they are advertised in newspapers or just how because we certainly do not want the catalog program to result in contract violations.

Can you help me out any with further data on this subject?

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lk

[fol. 922E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 504

SEALY COMPANY OF THE SOUTHEAST
Sleeping on a Sealy is like Sleeping on a Cloud
P. O. Box 2847—354 S. Parkway, West
Memphis 2, Tennessee

September 22, 1955.

Mr. E. H. Bergmann Sealy Incorporated 666 Lake Shore Drive Chicago, Illinois

## Dear Mr. Bergmann:

Have not answered your letter of August 11 as our St. Louis salesman has been unable to secure another page from the Harrison Wholesale Company catalog. However, he informs me that they have a new catalog coming out October 1st and he will secure the necessary papers for us.

Am writing him today requesting all the information he can give on this situation and will try and secure answers to the third paragraph of your letter.

With best regards, we are,

Sincerely yours, D. B. Embree, Sales Department, Sealy Southeast.

### DBE:a

Manufacturers of Bedding and Convertible Sleeping Equipment.

## [fol. 923E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 505.

SEALY COMPANY OF THE SOUTHEAST

Sleeping on a Sealy is like Sleeping on a Cloud

P. O. Box 2847—351 S. Parkway, West

Memphis 2, Tennessee

October 15, 1955.

Mr. E. H. Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

## Dear Mr. Bergmann:

So far I have not been able to get definite information from our St. Louis salesman regarding the fact that the Harrison Wholesale Company were advertising Sealy merchandise. He did, however, send me a catalog sheet showing the mattresses which they are running under the Sealy name and I am enclosing this for your information.

With best regards, we are

Sincerely yours, D. B. Embree, Sales Department, Sealy Company of the Southeast.

### DBE/e

Manufacturers of Bedding and Convertible Sleeping Equipment.



### [fol. 925E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 506

October 18, 1955.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis, Tennessee

Dear Mrs. Embree:

Thanks for your letter of October 15th. I notice that the sheet which you sent to me is the regular items we have sold to all of the catalogue houses.

Please keep me advised whether or not you find any evidence of these people advertising through other than their catalogues and using names other than these. I am particularly interested in knowing whether or not they are using our alternate resale names as the salesman claims.

Very truly yours, Sealy, Incorporated, E. H. Berg-

ehb:cj

[fol. 926E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 507

August 18, 1955.

Sealy Mattress Company West Railway & Gould Ave., Paterson, N.J.

Att: Mr. Max Lewis

Dear Mr. Lewis:

Enclosed herewith please find our check in the amount of \$81.68 for your 5% commission on sales in your territory by our accounts.

Very truly yours, Sealy Mattress Company of New York City, Inc., A. Eisenberg, Controller.

AE:dr

encl (4)

ce: Mr. E. Bergmann.

[fol. 927E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 508

August 24, 1955.

Mr. Eugene Kligman 460 Morgan Avenue Brooklyn, New York

Dear Eugene:

I received a copy of a letter written by your controller on August 18 to the Paterson plant in which you enclosed a check in the amount of \$81.68 as commission on sales by your stores in the Paterson territory.

In the first place I do not believe these reports. In the second place, if they are true, it is ridiculous that they be permitted to have merchandise in violation of our contracts when the sales do not amount to more than is indicated by these reports.

It seems to me if this is all the merchandise they can sell in a three month period, they should be told to either get the merchandise out of those stores or to buy that little amount of goods from the Paterson plant.

I do not like to wake up sleeping dogs, but what is right and this thing does not seem fair to me.

I would appreciate having you drop me a line on this subject.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lk

[fol. 928E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 509

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

460 Morgan Avenue—Brooklyn 22, New York Evergreen 8-7760

New York Showroom—1 Park Avenue—New York Lexington 2-8420

August 29, 1955.

Mr. Earl Bergmann Sealy Inc. 666 Lake Shore Drive Chicago, Illinois

Dear Mr. Bergmann:

In reference to your letter of August 24 concerning the shipments into the Paterson territory, I am making a personal investigation of this matter and should have a complete report on this for you within the coming week. It appears that these Jersey stores are not doing any business at all, and the only way we can get an exact figure and get the "honest" story is to contact not the buyers, but the bosses themselves.

I shall do this tactfully as soon as possible and advise you of results.

Sincerely yours, Sealy Mattress Company of New York City, Eugene Kligman.

EK/dr

Offered—Received—Not read

# [fol. 929E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 510

September 19, 1955.

Mr. Eugene Kligman Sealy Mattress Company 460 Morgan Avenue Brooklyn, New York

## Dear Eugene:

On the occasion of your being here for attendance at the board meeting I think you had planned on discussing with me our recent correspondence concerning shipments into the Paterson territory.

Since we were unable to make contact I am wondering if you can bring me up to date on what you found in regard to this matter through your personal investigation.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

EHB:jk

[fol. 930E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 511

SEALY MATTRESS COMPANY Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

460 Morgan Avenue—Brooklyn 22, New York Evergreen 8-7760

New York Showroom—1 Park Avenue—New York Lexington 2-8420

Offered-Received-Not read

November 2, 1955

Mr. Earl Bergmann Sealy Inc. 666 Eake Shore Drive Chicago, Illinois

### Dear Earl:

In reference to your letter of September 18 concerning the shipments into Paterson territory, I told you that I would inform you of my personal investigation.

I have discussed this matter with these people and find that Sachs, which has a 10 store chain, only has one store in Jersey. They receive in the Bronx only, they ship from the Bronx only. I have discussed the matter of the small sales in Jersey with them, and they tell me that their Jersey store was not doing well at all during this particular period. However, they believe sales will pick up.

We have a more serious problem, Earl, that has arisen. This problem concerns not our major chains, but concerns our largest department stores in the city of New York. Lord & Taylor's has stores in New York, New Jersey, and Connecticut. McCutcheons, which we opened up the day you were in the show room has stores in New York, and also one in New Jersey. B. Altman's also has stores in New York and one in New Jersey. These stores all buy out of New York, stock all merchandise out of New York and ship

out of New York. They don't differentiate in their warehouse as to what merchandise goes to Jersey and what merchandise stays in New York, and I don't see how we can make them buy samples, in the case of Lord & Taylor's, from New Jersey, Connecticut and New York.

Earl, this is a serious problem. To date, in a question of Lord & Taylor's, our Connecticut neighbors have been more than gracious in assisting us in the opening of this account, and have volunteered all aid possible to making this account a successful one for Sealy of New York and thereby gaining prestige for Sealy of Connecticut. However, in the case of Jersey, it is a serious problem, since this man does not realize the difficulty involved in first selling these people and then the difficulty involved in keeping them satisfied. They have no cases where the same factory does not ship them throughout the chain, since all receiving and shipping is from their New York warehouse.

We had a difficult situation arise here with Darling Stores, a chain of 42 juvenile stores located in New York, New Jersey and Connecticut. We opened up these stores and tried to get together with New Jersey and Connecticut to open them up for the group and were unsuccessful in integrating this deal. This group is still anxious to do [fol. 931E] business with Sealy but they have dropped our line because they could not use Sealy only for 22 stores in New York and not the other 20 in their local areas. They also receive all their merchandise in the Bronx, and ship all their merchandise out of the Bronx. They are the only one so far, that has agreed to purchase percentage wise from each plant, but they themselves do not know how it can be worked out in keeping records and stock, so that each section would have to act as a separate business.

I herewith enclose a letter I received from the Darling Store, informing us of their inability to continue business with us. Although they are a group of small stores, he explained to me that his wholesale purchases for this year would be approximately \$100,000 in bedding. This certainly is not a small account to have to give up just because he has stores in other territories.

I certainly would appreciate your arranging a time so that we can sit down and discuss this entire situation while I am in Chicago. I will be there from the 10th through the

14th and would appreciate it if you could squeeze in some time for me.

Sincerely yours, Sealy Mattress Company of New York City, Eugene Kligman.

EK/dr

Enc.

[fol. 932E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 512

Darling Distributing Corporation

America's Largest Juvenile Furniture and Toy Chain

370 Gerard Avenue—New York 51, N.Y.

CYpress 2-4385

Mr. Gene Kligman Sealy Mattress Company 460 Morgan Avenue Brooklyn, New York October 26, 1955.

### Dear Gene:

I think you are entitled to know the inside story on why the 42 Darling Stores find it impossible to continue the Sealy line. You and your company have been more than fair, and the product got a good reception from both our

own people and the customers.

But the big drawback lies in the fact that our stores are distributed in New York, New Jersey, and Connecticut. The position taken by the opposing numbers in New Jersey and Connecticut created an absolutely insurmountable obstacle in handling your line. It created dissension among our store managers and it was impossible to get any kind of integrated, coordinated program under way, since our Metropolitan area embraces these three territories.

If you are ever able to get this thing organized on a basis

that makes sense, please let us know.

Very truly yours, Darling Distributing Corporation, Fred Weintraub, Vice-President. [fol. 933E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 513

SEALY MATTRESS COMPANY
Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress
2307 Hollins Street—Baltimore 23, Maryland
Gilmor 5-7010

September 7, 1955.

Mr. Earl H. Bergmann Sealy, Incorporated 666 North Lake Shore Drive Chicago 11, Illinois

#### Dear Earl:

I am answering your letter of August 26th which we received along with a copy from Marcus Haas.

You realize, of course, the tremendous problem that we have in Washington, D. C. with no fair trade laws, but I do want to state that we have been selling two companies that specialize in selling furniture and bedding to the Military personnel. We know that they are selling these items at a discount, but have decided, as that is a tremendous portion of the business that is done in Washington, D. C. we would be smart in starting to get some of same.

Now as to this business of us shipping for a customer out of our territory. We have been under the impression that as long as we billed a store in our territory, and they wanted us to ship by freight for them, that it was perfectly alright. We realize we cannot bill anyone outside of our territory or sell to any store outside of our territory. But what is the difference, whether we ship direct for a store in our territory, or whether we ship it to the store and they in turn ship direct to the customer? I would like to be straightened out on this matter for all future references. As regards this one transaction that was shipped by us

for a customer in Washington, D. C. to a consumer in Florida, we are very sorry that something happened that did not do the Memphis plant any good, and have put immediately into effect here in our office that this one particular account, who is undoubtedly, according to Marcus Haas cutting prices, we will never ship anything direct to a customer for them, and will only ship to their store that is located in Washington, D. C. You have our word and promise on this particular account.

[fol. 934E] Once again I repeat that I am extremely sorry that something came up from our plant that caused any contention, that as you and I well know, it is quite a problem, and where the answer lies, only the crystal ball can tell.

If there is anything further that I can do that would help this matter, just call on me for same.

Yours very truly, Sealy Mattress Company, J. R. Rudick.

jrr;rs

CC: M. L. Haas, Sealy Mattress Company, Memphis.

ASERALADER CONTRACTOR OF CLARATE STATES OF A SERVICE STATES OF A S

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to reversion this true transportion that was shipped by as

## [fol. 935E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 514

May 21, 1956.

Mr. J. V. Moffitt, Jr. Sealy Mattress Company Lexington, North Carolina

#### Dear Joe:

I am in receipt of the letter dated May 8th from Earle Bergmann in regards to the Military Personnel Buying Co. which you have had trouble with in Fayetteville, N. C.

It has taken us some time to get some action on this particular business, but we have been in contact with their main office in Washington, D. C., have sent them a registered letter, and have their explicit promise that they will ship no Sealy merchandise out of the Washington, D. C. area into other areas of the country.

We were threatened that they could and would get Sealy merchandise elsewhere, but we stood on our contract rights that they could not take our merchandise from our terri-

tory and ship it elsewhere.

We have also suggested to them that if they have socalled "business" in your territory, that they contact you to see whether or not you will supply them. This is completely up to you. We certainly expect no more trouble on this account from this angle, but if you do continue to run into same, and are told that it is coming out of Washington, D. C., please advise us at once and we will do everything within our power to stop same.

Yours very truly, Sealy Mattress Company, J. R. Rudick.

JRR/av

CC: E. H. Bergmann.

[fol. 936E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 515

SEALY'S 75TH DIAMOND ANNIVERSABY

April 18, 1956.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

Dear Mrs. Embree:

In reply to your letter dated April 13 relative to the U.S. Merchandise Mart, Pensacola, Florida, the writer wishes to advise he received a telephone call from Mr. Rudick yesterday morning and he is as upset over the matter as you are.

Between you and me; he has a problem because in Washington, D. C., the fair trade agreement is not recognized by law and it is the haven for discounters in America. Joe and I discussed the matter thoroughly and in this particular case where merchandise is shipped to another outlet this writer feels that legally we can stand on the contract which the Baltimore plant has in which Article 4:4 (B) specifically states that it is a part of the contract that the licensee cannot sell or deliver any Sealy product which he knows, or has reason to believe, is being delivered to a purchaser who intends to resell in a territory outside the licensee's exclusive territory. In my opinion there is no great legal danger involved in referring to that term in the contract and Mr. Rudick is going to take that position with the people in Washington.

When it comes to stopping a retailer in Washington from shipping merchandise that he has sold at a cut price, or at any price, in some other territory, legally I do not believe we even dare contest the matter. Of course, where Mr. Rudick was wrong in the first place was last fall when the merchandise was shipped by his plant and he assumed there was no difference between his making a drop ship-[fol. 937E] ment and the firm making the same shipment, but I pointed out to him there was a vast difference. Last year Mr. Rudick agreed not to make any further drop shipments and he maintains he has kept this agreement.

You will receive a letter from Mr. Rudick within a day or two and undoubtedly a copy of his letter to the Wash-

ington firm will be enclosed.

Very truly yours, Sealy, Incorporated, E. H. Berg-mann.

and the first of actions to be a long and good they are not selected the bound

EHB/kt

[fol. 938E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 516

#### SEALY SOUTHEAST

Sleeping on a Sealy is Like Sleeping on a Cloud

P. O. Box 2847—354 S. Parkway West Memphis 2, Tennessee

Mr. E. H. Bergmann Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois April 13, 1956.

### Dear Mr. Bergmann:

Re: Sealy Mattress Co., Baltimore Maryland and/or U. S. Merchandise Mart, Pensacola, Florida.

You will no doubt recall correspondence last fall regarding the drop shipment of Sealy Posturepedic Mattresses by the Baltimore factory to Pensacola, Florida, to fill orders taken by the U. S. Merchandise Mart of Pensacola.

Mr. Rudick assured Mr. Haas, Sr., in his letter of October 10, 1955, that if any more merchandise was shipped to Pensacola by the U. S. Merchandise Mart, Inc., Washington, D. C., that he would cut the account out.

This practice has continued. A violation occurred again in February that was brought to the attention of our salesman, by our exclusive Sealy Dealer, Marston & Quina.

On Tuesday, April 10, Mr. Van Metre, salesman for Marston & Quina, had a customer who purchased some furniture and then asked to see the Sealy Posturepedic. He showed them the mattress and foundation and gave his sales pitch. The customer was sold on the Posturepedic, however, when Mr. Van Metre wanted to write up the order, the customer said: "No, we can buy that for 30% discount over at the U. S. Merchandise Mart". Mr. Van Metre questioned them and asked if they were sure they could buy the Posturepedic from this Pensacola store. The customer said: "Oh, yes, we went over there this morning and he told us to come over here and look at the Posturepedic

and if we liked it, he would have it shipped direct to us

from the Sealy factory in Baltimore".

If this shipment comes through, we stand to lose a customer that gives us in the neighborhood of \$80,000.00. In addition to that, he is a valued Sealy dealer, who has handled the line on an exclusive basis for many years. [fol. 939E] When this matter was brought to the attention of Sealy Incorporated, last year, and through you to the Baltimore factory, we were assured that this practice would be stopped.

Regardless of whether the merchandise is shipped from the Baltimore factory or from the U.S. Merchandise Mart, Inc., Washington, D.C., it is a violation of our territory. The merchandise in question is being solicited and sold in Pensacola. Florida is a fair trade state. We maintain the resale price of \$79.50. This dealer is soliciting business at a retail price of \$57.00. The question of where the shipment comes from, Washington or Baltimore, does not lessen the violation.

It is our understanding that if we receive an order from a dealer in our territory to be shipped to an individual in another territory, that the order must be submitted to the Sealy Licensee in that area for shipment. If the Licensee feels that he cannot make shipment, then we have no alternative but to refuse the order. Orders of this type are sent to various plants under our own purchase orders.

In reading over the file where Marcus registered complaint with you last year, I came across a copy of Mr. Rudick's letter of September 7th to you. We would appreciate a copy of your reply to this letter, specifically your answer to paragraphs three and four, which we quote for

your ready reference:

"Now as to this business of our shipping for a customer out of our territory. We have been under the impression that as long as we billed a store in our territory, and they wanted us to ship by freight for them, that it was perfectly alright. We realize we cannot bill anyone outside of our territory or sell to any store outside of our territory. But what is the difference, whether we ship direct for a store in our territory, or whether we ship to the store and they in turn ship direct to the customers? I would like to be straightened out on this matter for all future references."

"As regards this one transaction that was shipped by us for a customer in Washington, D. C., to a consumer in Florida, we are very sorry that something happened that did not do the Memphis plant any good, and have immediately put into effect, here in our office, that this one particular account who is undoubtedly, according to Marcus, cutting prices, we will never ship anything direct to a customer for them, and will ship only to their store that is located in Washington, D. C. You have our word on this particular account."

Surely you can understand, Mr. Bergmann, that our exclusive dealer cannot sell Posturepedic at \$79.50 in Florida, which is a fair trade state, when a concern located in [fol. 940E] that same city is soliciting business on Posturepedics at \$57.00. We are deeply disturbed over this situation and feel that immediate steps should be taken to get it

corrected.

No matter where the merchandise is shipped from, it is being shipped by a Sealy factory out of this franchised area, with the knowledge that his customer maintains a place of business in our territory and is soliciting business in our territory regardless of whether the ultimate consumer is invoiced out of Washington or Pensacola or is sold on a c.o.d. basis.

In the past, we had a violation by one of our dealers in Fort Smith, who has branch stores just over the Arkansas line in Oklahoma. When the matter was brought to our attention, we immediately took steps to correct same; and, according to our knowledge and from discussions with Mr. Louis Haas, no further violations have occurred.

We are sorry about the length of this letter, however, this matter is of such importance to us that we felt it necessary to bring the complete situation to your attention

so that you might act on if promptly.

Please let us hear from you by return air mail in regard to this situation so that we may write our dealer.

Your co-operation will be very much appreciated.

Sincerely yours, D. B. Embree, Ass't. to the President, Sealy Southeast.

cc: Mr. Joe Ruddick, Sealy Mattress Co., 2307 Hollins St., Baltimore, 23, Maryland.

# [fol. 941E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 517

Mr. Joe Moffitt Sealy of the Carolinas Lexington, North Carolina

September 26, 1955.

Dear Joe:

We have a very serious situation in the Eastern part of Carolina in reference to the Christian Harwood Furniture Company, whose main store is in Durham which is in Lexington's territory but they have a very large branch store in Henderson, North Carolina which is in the Richmond territory.

Our Salesman has been trying to line up the Henderson, North Carolina store for a deal on the Enchanted Night

Golden Sleep Mattress Sale.

Last week on September 21st our Representative, Mr. Joseph Catalano, was in Christian Harwood Store at Henderson and to his amazement he found displayed on the main floor of the bedding department 1 4/6 Enchanted Night Golden Sleep Mattress and 1 4/6 matching box spring (this is all of the merchandise our salesman saw). But, Mr. Craven, the buyer of the Henderson Store, told Mr. Catalano that they had a half dozen mattresses and a half dozen box springs in stock in Henderson which they had drawn from the Durham Store and that it was the intentions of Mr. Craven to run a half page ad on the Enchanted Night Golden Sleep Mattress prior to October 1st. And, in reference to the mat, Mr. Craven knew all the details concerning our new Hurry, Hurry mat.

Joe you know this is completely against Sealy's rules and regulations and something must be done in reference to this situation. I am taking the liberty of sending a copy of this letter to Earl Bergmann and I expect immediate ac-

tion.

Thanking you for an immediate reply, we remain Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

### [fol. 942E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 518

October 14, 1955.

Sealy Mattress Company Box 2236 Richmond 20, Virginia

Attention: Mr. Sidney Sutherland

## Dear Sidney:

We must apologize for not answering your letter of September 26 earlier. We dictated a letter and had it typed on September 30 and then we came to the conclusion that before sending it we should have our salesman investigate this matter of Christian Harward Furniture Company of Henderson, North Carolina, a little further.

In the first place, we have made no sales whatsoever of Sealy merchandise either to Christian Harward Furniture Company of Henderson or Christian Harward Furniture Company of Durham since May 20, 1955, at which time we sold the Durham store Sealy Posturepedic foam rubber merchandise. We have never sold this concern, in any of its branches, Enchanted Nights merchandise.

So now for the report from our salesman. He went to the manager of Christian Harward Furniture Company in Henderson, North Carolina, and was told that they had bought one Sealy Enchanted Nights innerspring mattress from a dealer near Henderson, North Carolina (unidentified) (possibly your customer instead of our own). They had not taken a mattress from the Christian Harward Furniture Store of Durham. They had only the mattress on display. There was no box spring. They have no basement, therefore the basement could not have been full of Sealy merchandise.

Incidentally, the customer for whom they got this Sealy Enchanted Nights mattress did not take the mattress, so, therefore they are going to return the mattress to the store from which they bought it immediately.

[fol. 943E] We get the general impression that Mr. Craven, the manager of Christian Harward Furniture Company of Henderson, North Carolina, was pulling your salesman's leg.

In any event, we are entirely in the clear on this matter.

I must say, Sidney, that I have never yet sent Earl Bergmann a copy of any letters which I have written to you. It is going to be necessary, of course, to send a copy of this letter to him because you sent him a copy of your letter of September 26. I do not think that it is necessary to bring Mr. Bergmann into matters such as these, which frequently are fully explainable, as above.

With kind personal regards.

Yours very truly, Sealy of The Carolinas, J. V. Moffitt, Jr.

JVMjr/eg

CC: Mr. Bergmann.

## [fol. 944E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 519

SEALY MATTRESS COMPANY

Makers of Finer Mattresses Since 1881

Sleeping on a Sealy is like sleeping on a cloud

8 South Harvie Street Telephone 5-2845 Richmond 20, Virginia

New Address

Williamsburg Ave, & Goddin St. P. O. Box 2236 Telephone 7-0348

October 18, 1955.

Mr. E. H. Bergmann Sealy, Incorporated 666 Lake Shore Drive Chicago, Illinois

Dear Earl:

I am enclosing you copy of letter which I have today written to Joe Moffitt. I feel that the situation is well in hand and I want to assure you that there is no animosity or hard feelings on my part in reference to any of my surrounding licensees.

Looking forward to seeing you in Chicago in November,

I remain

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

enc.

Offered-Received-Not read.

## [fol. 945E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 520

October 18, 1955.

Mr. J. V. Moffitt, Jr. Sealy of the Carolinas Lexington, North Carolina

#### Dear Joe:

I wish to thank you for your communication of October 14th which is in reply to my communication of September 26th regarding the Christian Harward Furniture Company,

Henderson, North Carolina.

I am very happy that you delayed answering my letter in that you had your salesman investigate the situation before writing me. The explanation as given in your letter is quite understandable and I am happy to know that this is the situation because I realize that it is a very hard thing for you or anyone to govern overlapping stores in various territories. Your reply to me is greatly appreciated.

I notice what you say about sending a copy of the letter to Earl Bergmann and I assure you that there are no intentions on my part to bring Mr. Bergmann into any discussion which may occur between you and me. However it has been my custom in the past to more or less send copies of all correspondence of such matters to Earl feeling that it was best for him to know the situation all over the entire country. I think if all of us did this it may be a burden upon Earl but it would certainly give him a clearer picture of the workings between various licensees. In view of the above I am sending him a copy of this letter which I think will entirely clarify the situation.

Thanking you again for your many kindnesses and look-

ing forward to seeing you in Chicago, I remain

Sin-"Sealy" yours, Sidney Sutherland, Sealy Mattress Company.

SS:mp

co: Mr. E. H. Bergmann,

[fol. 946E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 521

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of The Famous Sealy Posturepedic Mattress

2307 Hollins Street—Baltimore 23, Maryland Gilmor 5-7010

5 July 1956.

Mr. E. H. Bergmann Sealy, Incorporated 666 North Lake Shore Drive Chicago, Illinois

#### Dear Earl:

I am in receipt of your letter dated 22 June 1956, with enclosures from the U.S. Merchandise Mart in Pensacola, Florida.

As you know, we contacted this company, which by the way in Washington, D. C. goes under the name of the American Home, Incorporated Company, and they assured us that they would not ship any Sealy goods out of our territory. In fact, they have shown us that they are now handling both Serta and Englander, whose goods they can ship wherever they desire without any repercussions.

Upon receipt of your letter, with copy of Invoice date 12 June 1956, we contacted this account and wanted to know how this sale happened after their promise to discontinue same. They did not give us a reasonable answer and we have told them and have set up the mechanics that they will receive no more goods from us, unless they can prove themselves to our entire satisfaction.

I am, also, taking this same action with the Military Personnel Buying Service that has cropped up elsewhere.

I also, want you to know that each of these accounts have been about \$25,000 a year volume on Resale only.

Tell me where we can replace same, will you. In addition I wish to mention that investigation has shown us that 90% or more of their sales are in the immediate Washington, D.C. area to Military Personnel, which we will now lose to competition. It seems that the military in Washington, D.C. don't even shop elsewhere, but go right to these two sources and that is why we have sold them. We have had no complaints from the legitimate retailers there, because these are sales they don't even know about.

We are trying to find out where these mattresses came from. They claim it was not ours, and not shipped from Washington. If they can prove to me that it came from [fol. 947E] somewhere else, we want to continue selling them as long as they restrict themselves to selling in my

territory only.

I am sending a copy of this letter to Edgar Haas, Jr., and be assured if there are reoccurrences they are not getting the goods from us. If they do submit something to us that we feel assures us that this can no longer happen, I will advise you before hand.

So, understand our problem and give us some territory

to overcome these problems.

I am still carrying the Sealy Benner . . . Long May It Wave.

Yours very truly, Sealy Mattress Company, Joseph R. Rudick.

Sistemaly visite, U. B. Carbries Sis

JRR/dn

Copy To: Edgar Haas, Jr., Sealy Mattress Company, Memphis, Tennessee.

[fol. 948E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXEIRIT No. 522

#### SEALY SOUTHBAST

Sleeping on a Sealy is Like Sleeping on a Cloud

P. O. Box 2847—354 S Parkway West Memphis 2, Tennessee

February 29, 1956.

Mr. E. H. Bergmann Sealy, Inc. 666 North Lake Shore Drive Chicago, Illinois

Dear Mr. Bengmann:

Our Illinois representative, Mr. Fred Martels, advises that the Mitchell Furniture Company of Mt. Vernon, Illinois, which is in our territory, is displaying the Deluxe Tuftless Anniversary Natural Rest mattress at \$49.50.

These mattresses are coming from the Louisville Licensee through the Indiana store of the Mitchell Furni-

ture Company.

As you know we did not make the Anniversary Natural Rest tuftless in either the \$39.95 or the \$49.50 quality. We would appreciate it if you would take steps to stop the Louisville plant from channeling merchandise to dealers in our area, as it creates quite a bit of confusion and causes us to lose business on our own resale \$49.50 and \$59.50 items.

Please let us hear from you as soon as possible regard-

ing this matter and with kindest regards, we are

been appearable to the resonance

Sincerely yours, D. B. Embree, Sales Department, Sealy Southeast.

DBE/ra

CO. The was your sales of the A

# [fol. 949E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 523

SEALY'S 75TH DIAMOND ANNIVERSABY

March 2, 1956.

Mrs. D. B. Embree Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

### Dear Mrs. Embree:

This letter acknowledges receipt of your letter of February 29 relative to the Mitchell Furniture Company of Mt. Vernon, Illinois.

A photostatic copy of your letter will immediately be forwarded to the Louisville plant with a request that Louisville take immediate action to discontinue channeling merchandise from Indiana to the store located in Mt. Vernon. We will keep you advised relative to developments.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

[fol. 950E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 524

SEALY'S 75TH DIAMOND ANNIVERSARY

March 2, 1956.

Mr. William Edie Sealy Mattress Cempany 1115 Franklin Street Louisville 6, Kentucky

### Dear Bill:

Enclosed is a photostatic copy of a letter received from the Memphis plant which is self explanatory.

Will you please take the necessary steps to have your dealer, the Mitchell Furniture Company, discontinue channeling merchandise received in the Indiana store to the store in Mt. Vernon, Illinois.

This office will appreciate hearing how you handle this complaint.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:lp

Enc.

# [fol. 951E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 525

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

200 Cabel Street—Louisville 6, Kentucky—Phone Wa 1366

March 12, 1956.

Mr. Earl Bergmann Sealy, Inc. 666 Lake Shore Drive Chicago, Illinois

#### Dear Earl:

Leon Prising is going down to talk to Mr. Moriarty at Mitchell Furniture Company this week concerning the channeling of mattresses back and forth between Mt. Vernon and Vincennes, Indiana. As you know, this did come up once before and we tried to make it very clear that it shouldn't be done. Mr. Embree of Sealy Southeast did not contact us on this matter, so I'm not aware of just how many might have been sent down there, or how long this might have been going on. I do recall that last spring some Posturepedics were involved when Mt. Vernon bought a display and our boys at Mitchells in Vincennes, Indiana did not. Mr. Moriarty has been on a vacation and there's some possibility that some pieces could have been sent over there while he was out. We'll have to determine after Leon talks to them what could have happened. I'll write to you next Friday after I get a chance to find out what Leon says.

Very truly yours, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

CC; Mr. Embree, Sealy Southeast

WAE/ms

[fol. 952E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 526

SEALY MATTRESS COMPANY
Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress 200 Cabel Street—Louisville 6, Kentucky—Phone Wa 1366

May 7, 1956.

Mr. Earl Bergmann Sealy, Inc.

666 Lake Shore Drive

Chicago, Illinois

#### Dear Earl:

I'm enclosing a copy of the letter dated May 3rd from H.W. Moriarty, manager of Mitchell Furniture Company in Vincennes, Indiana. This is his answer to the charge by Memphis that we were shipping into Memphis territory.

As we noted in my previous letter, we had had occasion about a year ago to talk to Mr. Moriarty about this when we had the feeling that he was buying Posturepedic from the Illinois store at the time the promotion was going on a year ago. We knew he was familiar with our policy of not sending things back and forth. This letter seems to be a legitimate excuse, for we do know that Memphis supplies a different mat than we do when it comes to advertising. If Memphis will be satisfied that two mattresses are all that went, of course, there's no real harm done. However, if they are using this as an excuse to ship a large number, then I feel that some other action should be taken.

These two stores are far enough apart that I don't think they would find it profitable to truck mattresses back and forth normally. Since the store is located right on the border of the state of Illinois, we are at a loss to know how to actually check any shipments they might make to the Illinois store, without possibly bribing their shipping clerk or someone else to reveal such information.

Very truly yours, Sealy Mattress Company, Wm. A. Edie, Sales Manager.

# [fol. 953E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 527

May 8, 1956

Mr. William Edie Sealy Mattress Company 1115 Franklin Avenue Louisville 6, Kentucky

another plant's territory.

### Dear Bill:

On March 26 you wrote to me that the manager of the Mitchell Furniture Co. of Vincennes, Indiana was still on vacation and Leon had not had an opportunity to discuss the matter of Sealy merchandise being transferred from the Vincennes, Indiana store to the Mt. Vernon, Illinois store. As you know the Mt. Vernon store is in the Memphis territory.

Enclosed is a copy of a letter received from the Memphis plant relative to merchandise which apparently came from your plant and on which Memphis has received a complaint. It is the opinion of the writer that two things should be done. First, the customer's mattress must be quickly rebuilt by the Memphis plant as it has been returned there. The second thing that should be done is that, inasmuch as this is merchandise made by you and which should not have found its way into the Memphis territory, Louisville. should reimburse Memphis for the cost of the rebuilding. I believe this reasoning is fair. The expense necessary to take care of the complaint in Memphis territory would not have occurred if your merchandise had not found its way into the Memphis territory. It is my feeling this complaint is different and cannot be handled under the interplant service policy covering complaints on merchandise made by one Sealy plant and carried by the purchaser into

A letter will be sent to the Memphis plant asking that they rush the necessary service for the repair of the bedding and return it to Mr. Thompson and forward to your attention the cost of the service, sending a copy of the invoice to this office.

Very truly yours, Sealy, Incorporated, E. H. Berg-

EHB:lp

Enc.

ce-Mrs. D. B. Embree.

[fol. 954E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 528

Sleeping on a Sealy is Like Sleeping on a Cloud SEALY SOUTHEAST

> P. O. Box 2847-354 S Parkway West Memphis 2, Tennessee

> > December 4, 1956.

Sealy, Incorporated 666 North Lake Shore Drive Chicago, Illinois

Attn: Mr. E. H. Bergmann

Dear Earl:

We have received a notice from one of our salesmen that the West Virginia Sealy salesman called on Patterson & Roberts, Hardware Company of Livingston, Tennessee,

Since this account is well within our territory we would appreciate your notifying the plant involved.

With kindest personal regards, we are

Very sincerely yours, Edgar C. Haas, Jr., Sales Department, Sealy Southeast.

Landy Carrier at the

ECH.Jr./8 with the world to the last to the same

# [fol. 955E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 529

December 17, 1956.

Mr. Edgar C. Haas, Jr. Sealy Mattress Company P. O. Box 2847 Memphis 2, Tennessee

#### Dear Eddie:

I wish to acknowledge receipt of your letter of December 4th regarding the West Virginia Sealy salesman calling on one of your accounts in Livingston, Tennessee.

A letter will be sent today to the Bluefield, Virginia plant calling this matter to their attention. I think the salesman to whom you are referring must have come from the Bluefield plant.

Just as soon as I hear from Jack Metcalfe I will advise you further.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/sm

# [fol. 956E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 530

December 18, 1956.

Mr. J. L. Metcalfe Sealy Mattress Co. P. O. Box 432 Gurney at Furnace St. Bluefield, Va.

#### Dear Jack:

We are in receipt of a letter from the Memphis plant saying that the West Virginia Sealy salesman had called on an account in Livingston, Tennessee,

We cannot see how it would be possible for one of your men to get over to Livingston as it lies well west of Knoxville. I have a hunch it could have been one of the Louisville men, however, the report came to us that it was the West Virginia Sealy salesman.

Will you please check with your Squirrel Hunter and find out whether or not he got lost chasing a squirrel and got clear over there. Then, advise this office so that we can tell Memphis you have bought him a compass, in case he gets lost, and you are sure that in the future he will not stray so far from home base.

Personal regards.

Very truly yours, Sealy, Incorporated, E. H. Bergermann.

EHB me

ce: Edgar C. Haas, Jr.

# [fol. 957E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 531

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of The Famous Sealy Posturepedic Mattress

P.O. Box 432—Gurney at Furnace Streets Bluefield, Virginia—Phone Fairfax 61193

December 26, 1956.

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Sealy, Inc. 666 Lake Shore Drive Chicago 11, Illinois

Attention: Mr. E. H. Bergmann

### Dear Earl:

Received your letter of the 18th with reference to a West Virginia Sealy salesman calling on an account in Livingston, Tennessee, which is in the Memphis territory.

Had this been a year ago when Olin Austin (the Squirrel Hunter) was a drinking man, I would swear that he got into one hollow by rut and couldn't get out of it and ended up in Livingston. Inasmuch as he is a tee totaler now, though, I am sure he is not guilty. In fact, I only wish that he had enough energy to want to work in another man's territory, so I could make him stop it and exercise such enthusiasm and energy in our own territory. Seriously, I have checked with our three boys and of course they are not guilty and none of them, including the writer, even knows where Livingston, Tennessee, is located or even if it is in the state of Tennessee.

Bob Culp in Pittsburgh worked a salesman in a part of West Virginia, but I donbt seriously if he has a man crazy enough to call on customers in Tennessee. As you say, I expect you will find this to be one of the Louisville salesmen as the territory there does overlap and so forth.

With kindest regards,

Sin-Sealy yours, Sealy Mattress Company, J. L. Metcalfe—Manager.

JLM:HLP

CC: Sealy Mattress Company, Memphis, Tennessee.

[fol. 958E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 532

Mr. Edgar Haas, Jr. Sealy Mattress Co. 354 S. Parkway West Memphis 2, Tenn. December 28, 1956.

#### Dear Eddie:

Undoubtedly you have read your copy of Jack Metcalfe's letter to me of December 26, regarding his man calling on one of your accounts in Livingston, Tenn. As I pointed out to you previously, I had a feeling it would not be one of the Bluefield men but I could not conceive who else could be considered a West Virginia salesman.

You note that Jack states that Pittsburgh had a salesman working in a part of West Virginia so possibly, it might have been his man but I am inclined to agree with Jack that a Pittsburgh man would not be crazy enough to go clear over into Tennessee particularly where Livingston is located. I shall drop a jetter to the Pittsburgh plant and check with them.

In the meantime, I would like to have you ascertain more facts concerning this so-called report of a West Virginia Sealy salesman. Maybe you can get the name of the fellow or find out whether he has been back in the store since the first visit.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:me

# [fol. 959E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 533

December 28, 1956.

Mr. R. G. Culp Sealy Mattress Co. 1900 Lowe St.—West End Pittsburgh 20, Pa.

#### Dear Bob:

We have a report in this office that a West Virginia Sealy salesman has been calling on a furniture dealer in Livingston, Tenn. This report is rather vague inasmuch as we do not know the name of the so-called West Virginia Sealy salesman.

I wrote to Jack Metcalfe, thinking that possibly one of Jack's men could have gotten over the State line but Jack has checked the matter and he definitely says that

none of his three men are guilty.

I recall that you have a man working in West Virginia and it may be possible that your boy is the culprit. Will you please ascertain whether or not your man, provided you still have a West Virginia man, did get over into Livingston, Tenn. If he did, drop me a note so I can tell Memphis [Copy illegible] ave now discovered who the man is and that steps have been taken to correct his route to avoid this occurring in the future.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB:me

[fol. 960E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 53

SEALY MATTRESS COMPANY

Factories in Principal Cities

Makers of the Famous Sealy Posturepedic Mattress

1900 Lowe Street—Pittsburgh 20, Pennsylvania
Phone Walnut 2-1000

December 31, 1956.

Mr. E. H. Bergmann Sealy Inc. 666 North Lake Shore Dr. Chicago 11, Illinois

#### Dear Earl:

In reply to your letter of December 28th in reference to a West Virginia Sealy Salesman calling on an account in Livingston, Tenn. I wish to state, that while we have a West Virginia salesman, he certainly does not call on anybody in Tennessee.

As you stated, this report is rather vague but I am certain that no one from this office had anything to do with it.

Kindest regards, I am

Yours truly, Sealy Mattress Co., R. G. Culp.

RGC:kmm

# [fols. 961E-962E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 601

The Sealy Board of Director's Meeting, Sealy Headquarters, Pittsburgh, Pa. Friday, November 4, 1938.

[fol. 963E] 12. The President instructed the Corresponding Secretary to read the letter received from the Sealy Mattress Company of Philadelphia. Mr. Stein made a motion that Sealy cooperate with the Philadelphia plant, in view of their apparent sincerity, accepting their stock in part liquidation of their account, with a minimum of \$100.00 per month subject to change upon notice by the Board with the understanding that a definite arrangement will be made [fols. 964E-967E] by Philadelphia for paying up its arrears. Mr. Haas seconded the motion. Voted. Approved.

13. The President stated in closing, that he felt the Board should be informed the St. Paul contract had been terminated, upon request of the St. Paul plant, and that this organization therefore was no longer part of the Sealy group.

14. The meeting adjourned.

H E Wolf, President. Jacob R. Haaz, Vice-President. Earl H Bergmann, Secretary.

Kay W. Nuiness, Corresponding Secretary.

# [fols. 968E-971E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 638

Minutes of Re convened Meeting of Sealy, Incorporated Board of Directors Held at San Souci Hotel, Miami Beach, Florida, April 7, 1954

#### List of Committees .

6. The list of the committee for 1954 was given to the Directors along with an outline of the functional responsibilities of each committee.

### Vigilante Service

8. Mr. Bergmann gave an outline of the vigilante service of purchasing a resale mattress from each territory for the purpose of examining these mattresses for conformity to specifications. The Board expressed themselves in favor of this program.

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# [fol. 972E] IN UNITED STATES DISTRICT COURT

## GOVERNMENT'S EXHIBIT No. 662

Minutes of the Advertising and Merchandising Committee Meeting Chicago, December 11, 1956

Present were: E. M. Wuliger, W. H. Walzer, M. A. Kaplan, E. C. Haas, Jr., C. V. Bovard, R. C. Stuart, G. C. Shappell. B. Nathanson

I—Cleveland's Merchandising Plan for Anniversary Consealy.beds.

Mr. Wuliger showed the Committee the extra aids Cleveland is using to help sell more Anniversary Con.sealy.beds. A special portfolio has been prepared for each salesman which contains a proof of a 5-column ad on one side and photographs of 2 step-up Anniversary Con.sealy.beds on the other.

The Committee agreed this was an excellent package but debated whether a similar idea would help other Sealy plants at this late date. Our magazine ad does not appear till late January, therefore, it was decided some plants could still use Cleveland's plan and Mr. Shappell was directed to make available the special materials to all plants. Most plants are only making one step-up so the Williamsburg will be substituted in the portfolio for Cleveland's second step-up.

The Committee asked Mr. Shappell to make certain revisions in the Cleveland ad. The name Consealy.bed is to be included, the \$100 valuation and reference to foam rubber cushions are to be strengthened and claims for Syl-Mer are to be verified. The ad will be offered in 5 and 4-column sizes.

In conjunction with these extra sales tools Cleveland gives its dealers a plastic "sleeve" which fits over the back of the ADV. Con.sealy.bed. This does a strong selling job on the dealer's floor.

A special Syl-Mer folder is used by the salesmen and given to each dealer. It contains swatches of materials

with and without the Syl-Mer finish, making possible a comparison test of the two when water is splashed on them.

The complete program will be bulletined to the plants as soon as possible after a sample of each item is obtained from the Cleveland plant.

# II\_Spring Posturepedic Program.

Mr. Wuliger showed the Committee ad layouts for ideas prepared by the Cleveland and Chicago agencies. All were basically testimonials with different interpretations. A discussion ensued whether any of the ideas were strong enough and worthy of a continuous advertising program

for the next year or more.

[fols. 973E-974E] Mr. Kaplan believed it would be better to feature some gimmick such as Simmon's water glass idea but stated there probably wasn't sufficient time to develop this tdea for the Spring program. The Committee finally selected the Cleveland agency's theme, "My Job is a Back Breaker" as the better of the ideas presented and directed Mr. Wuliger to proceed with further development. Certain corrections were suggested. The people shown in the ads must more clearly typify the occupations they are supposed to represent and other "white collar" jobs are to be included. A closer tie-in between the main illustration and caption and reference to the Posturepedic is desirable. Mr. Wuliger will work with the Cleveland agency to make the necessary corrections and improvements in order to present the campaign to the Committee at a meeting in late December.

After the campaign has been approved, layouts for a billboard will be prepared. TV spots that tie in with the

theme will also be prepared at that time.

# III—1957—1958 Advertising Budget

alarmiam in addition and

Mr. Wuliger submitted four different plans, worked out by Weiss and Geller, for Sealy's proposed 15 month's budget (April 1, 1957 through June 30, 1958). After describing the difference in the four plans Mr. Wuliger suggested we use Alternative Plan #1 with some slight changes which he outlined. The Committee then deliberated whether it was better to have practically all of our advertising in Life or to use some of our money for advertising in McCall's and Ladies Home Journal. The Committee tentatively agreed to run a total of 22 pages in Life during the 15 month period and four half pages in McCall's. The main reason for using McCall's is to obtain its "Use Tested" tag for Posturepedic. Committee members will discuss the plan with their agencies before the next meeting for their opinion of an all-Life campaign as compared to a campaign in several magazines.

[fol. 975E] IV—Retail Salesman's Incentive Program for 1957

Mr. Wuliger briefly discussed the contemplated program for retail salesmen. The Committee recommended that the plants be given more information about this program immediately. Mr. Shappell was asked to prepare a bulletin spelling out the details and then submit it to Mr. Wuliger for approval.

Mr. Shappell stated he had approached John Plain (source for prizes in this campaign) about including Sealy bedding in their next catalogue and was favorably received, although no committments were made. The Committee asked Mr. Stuart to study the John Plain catalogue to help us determine the right merchandise to submit for inclusion in the 1958 book.

### V-January Market

Mr. Walzer expressed his disappointment that a mailer had not been prepared to invite dealers to the Markets. Mr. Wuliger explained his reasons for not authorizing this item. During this discussion, Mr. Kaplan stated there would be four headboard sets on display at the Chicago Market and recommended we add an 837-coil Marshall unit in 3/3 size. The Committee approved and asked that specs and photos of all be sent to the plants as soon as possible. Mr. Kaplan has several ads on the 837 number which will be photostatted for use by the plants.

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# VI—Posturepedic Acetate Folders

The Committee decided to stop work on this item until the theme for the Spring Posturepedic campaign has been developed. Mr. Wuliger had suggested a special chart showing various workers susceptible to backache be placed on the dealer's floor as part of the Spring program. The folder may be revised to tie in with this piece.

In the meantime, Mr. Stuart was asked to take the Acetate Folder into the field to determine its value and

then submit his findings to the Committee.

[fol. 976E] VIII—Plans for 1957 Holiday Special Promotion

While discussing this subject it was revealed that Victor Borge had a Rock Cornish Hen farm in Connecticut. The Committee liked the possibility of using the Cornish hens in this promotion tied in with Victor Borge for extra consumer and dealer interest. Newspaper ad layouts will be prepared in the near future along these lines. Customers

will be given their choice of the hens or a turkey.

Mr. Shappell had suggested the use of 7-inch plastic records during the Spring Posturepedic campaign. These have been used very successfully by many companies, including the United Fruit Company, for bananas. Mr. Shappell will contact Mr. Borge about the possibility of his making a record to promote the Holiday Special—Rock Cornish Hen program. Two records would be required—one to include in a mailer to dealers and the other to give to all customers who buy the Holiday Special combination.

### IX—Review of Old Television Films

The Committee viewed three old TV films which have come up for renewal of re-use fees. These commercials are the Posturepedic Innerspring (Doctor), Posturepedic Foam Rubber and Consealy bed films. The Committee agreed these were still good films and should be renewed at the approximate cost of \$5500.00.

Mr. Shappell was directed to bulletin the plants with a complete list of TV films available from Sealy, Inc. A

description of each film should be given.

# [fol. 977E] X1-Ten-Second Television Commercials

The question was raised whether the Chicago plant should be billed by Weiss & Geller for 10-second TV spots . or should Sealy, Inc. pay for them. Chicago has been the. only plant regularly using 10-second spots.

Mr. Kaplan pointed out his plant would not need all commercials in 10-second form but would like the opportunity, every so often, to have a new film. Mr. Shappell stated Detroit and Pittsburgh had recently requested 10-

second films.

The Committee decided Sealy, Inc. should bear the cost of 10-second TV spots. In the future, after 55-second spots have been prepared, Mr. Kaplan is to be shown the film for him to determine whether or not he wishes a 10-second . version of that commercial.

# XI-Next Meeting of the Advertising Committee

Another meeting is needed soon to finalize plans to Spring Posturepedic and develop the program for the 1957

Golden Sleep.

It was decided to have the meeting Friday, December 21st or Friday, December 28th, depending on the availability of Mr. Kaplan. Mr. Shappell will contact Mr. Kaplan on the 17th and then wire each Committee member the date of the meeting. It will be held in Chicago.

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Colors and Carlons of the same and the

Sealy, Incorporated, Gerald C. Shappell.

GCS/m

### [fol. 978E] IN UNITED STATES DISTRICT COURT

### GOVERNMENT'S EXHIBIT No. 664

Minutes of the Advertising and Merchandising Committee Meeting New York, January 26, 1957

The meeting was devoted to discussing specific elements of two forthcoming promotions. These minutes consist of a listing of the elements with decisions and recommendations made for each.

# I—Spring Posturepedic Campaign

1. Life Ads-black and white pages (all bleed).

2. Newspaper ads . . . not discussed.

3. 24-Sheet Poster-new layout using same figures shown on opening Life ad. Reduce number of words in headline. Add Bareback Girl. .

4. Window Streamer-duplicating 24-sheet Poster.

5. Window Display-adapt display (now in layout form) which uses moulded plastic medicine bottle. Small posters in display perhaps can duplicate six illustrations used in Life ads, with reference to "No More Morning Backache," etc.

6. Display Miniatures—for Sealy salesmen.

[fol. 979E] 7. Salesman's Portfolio-Agency to submit 3-ring Portfolio using hard binder, featuring Life Magazine cover. Each of six Life ads will be shown on separate pages plus display material and all advertising material to be prepared for promotional bedding. Binder can be smaller than that used during the last Spring Posturepedic campaign and should cost about \$25 each.

Record . . . not discussed at meeting but agency is

preparing script.

## II-Golden Sleep Promotion

- 1. Four Life Ads
- [fol. 980E] 2. Headboards.—E. Wuliger, W. Walzer and M. Kaplan to work with local sources for various styles and prices.
- [fol. 981E] 3. House Beautiful—black and white page ad on Enchanted Nights at \$59.50. Insertion date not decided although Mr. Wuliger stated it should be run as soon as possible.

4. House and Garden 4-color Ad—on Golden Sleep Con.sealy.bed in August issue.

- a. Bill Marbaugh to submit styles and fabrics to
   E. Wuliger and M. Kaplan on Friday, February 1st—2 styles ADV and Step-up.
- 5. Labels-

a. Enchanted Nights and Enchanted Nights De-Luxe—with and without prices.

b. Twin bed ensembles—without prices. Give name to each ensemble—names should be short and of a similar nature.

- 6. Window Display-
  - G. C. Shappell will look into previous suggested displays with sign which traveled back and forth across window. (Miniatures will be needed).
- 7. Window Tube—necessary.
  [fol. 982E] 8. Promotional Guide

Piece similar to that used in Anniversary. Plan on 4500 costing \$2.50 each (at most \$3.00). Plants will be sold copies for salesmen at \$30 each; additional copies \$1.25 each. Plants cannot buy items at \$1.25 unless they purchase quantity at \$3.00.

# 9. Planning Guide

Prepare in file folder form as Anniversary.

### 10. ASTB Card

Repeat idea used in Anniversary.

### 11. Consumer Mailer-regular sale-

- Repeat triple post card as used in 74th Anniversary—as insert and self mailer.
- Low priced insert—lightweight paper in color on one side only—blank on reverse so stores
   can print additional message if it is desired.

# 12. Consumer Mailer-private sale-

- a. Letter with Sealy Mattress Company letterhead in black and white. Print letters only; submit return post card in form so plants and dealers can prepare locally. See if swatch can be sized to appear heavier than actual material.
- Statement enclosure again as idea—plants do locally.
- c. Post card as idea—to be done locally by plants.
- d. House Beautiful ad on \$59.50 Enchanted Nights overprinted in red with message on Private offering.
- 13. Newspaper Ads—many variations as possible. One ad should show House Beautiful \$59.50 ad in miniature.

# [fol. 983E] III—Spring Discount Sale

The Committee first recommended this 25% Off Discount Sale be restricted to local handling during Spring 1957. After further discussion the Committee decided to hold the entire plan for a national event during Spring 1958. It would be sold to the dealers at the January Market and be on the dealers' floor starting Monday. April 7th.

# IV-1958 Anniversary Window Display

While discussing displays for GoldenSleep a suggestion was made that we repeat the swivel light display used in the 1956 Golden Sleep. The Committee agreed it would be better to use this display during the Anniversary because of the early darkness. We will discuss this idea when making plans for our 1958 Anniversary.

### V-Meeting Dates

The Committee set February 20th as the date for the meeting to give the Spring Posturepedic Program to the licensees.

There will be a meeting of the Advertising Committee on the following day, February 21st.

GCS/my

[fol. 984E], IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT-No. 741

666 Lake Shore Drive Chicago 11, Illinois

Bulletin: Number SP-10, May 29th 1952 Subject: Resume of Royalty Payments To: All Sealy Licensees

[fol. 985E] This office is not an instigator of general policy, but is charged with the responsibility of carrying out the instructions of the board of directors as directed.

Yours very truly, Sealy, Incorporated, J. R. Law-

JRL:ht

# [fol. 986E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 753

Bulletin: SP-19, May 28, 1954

Subject: Programs of Procedure Approved and Adopted

by the Board of Directors

To: All Sealy Licensees

#### Problem

The developing of a program to be used in a positive approach toward developing sales to national, regional chains or groups who purchase through a single office; and a program of procedure where sales to groups are spilling over to territories exclusively assigned to contiguous Sealy licensees.

#### Background

1. The Sealy Contract prevents any licensee selling where he knows or has reason to know that the product will be re-sold in another territory.

2. Chief problems :

A. Danger of antagonizing customers of a participating licensee.

B: Different methods of merchandising between groups

and other customers.

C. Interference with individual licensees who grant exclusive dealers in certain towns.

#### Area of Agreement

1. The answer must be by voluntary action of licensees in the area affected.

2. Initiative of the proposed program should come from

the affected licensees.

3. The national Sealy office shall encourage by gathering necessary information, setting standards of advertising, merchandising, and by acting generally as mediator and counciliator between affected licensees.

Programs recommended by a special committee consisting of Jos. F. Haas, legal counsel, as Chairman, and Messrs. M. A. Kaplan and H. B. Fouts, I. L. Fisher, H. L. Howard, E. J. Kligman, M. H. Yulman, and E. C. Haas, Sr. appointed for the purpose of considering the exclusive sales feature of the Sealy contracts as covered by Section IV.

Section IV-A and Section IV-B which were adopted and approved by the Board of Directors on April 5, 1954 are as follows:

[fol. 987E] A. Program of Sales Procedure With Buying Groups or Multiple Store Ownerships Which Embrace Several Sealy Plants:

 When a licensee learns of a buying group in his area, he should get as much information as possible and forward it to the Sealy national office with copies to all licensees who would be affected.

2. The affected licensee shall notify the national Sealy

office of their reaction.

3. The national Sealy are shall round out the information and set a day for a meeting of the affected licensees.

4. At the meeting, Sealy's Executive Officers and the affected Licensees shall work toward a satisfactory arrangement modeled after previously successful arrangements, or any other feasible arrangement which

the affected licensees are willing to adopt.

5. If an agreement is reached, it shall be reduced to writing and signed by all affected, expressly protecting against any actual change in the Sealy licensee contract. This will avoid any misunderstanding, but will clearly indicate that the agreement is applicable

only to the single transaction involved.

6. If no agreement can be reached between the affected licensees and the Executive Officers of Sealy, Inc., the matter shall be referred to the Executive Committee for official consideration. Should a member of the Executive Committee be one of the affected licensees, he shall not sit on the committee, but the other members of the Executive Committee shall appoint a

new member from the Board to sit in place of the affected member.

- 7. Over a period of time it is hoped that precedence will be developed which will aid greatly in solving other similar situations.
- B. Program of Procedure Where Sealy Merchandise Originally Sold by one Sealy Licensee is Found to be Entering the Territory of a Contiguous Sealy Licensee:
- [fol. 988E] 1. A licensee who feels that he is being damaged or injured by another licensee, shall first take up the matter directly with such other licensee for the purpose of attempting, in a neighborly fashion, to arrive at a satisfactory conclusion, sending copies of all correspondence to the national Executive office.
  - 2. If a satisfactory conclusion is reached by the contiguous plants, a copy of this agreement shall be forwarded to the executive offices of Sealy, Inc. for the purpose of approval and to become a matter of permanent record. A copy of this agreement would be retained by each of the contiguous factories.

3. If the affected licensees are unable to solve the problem to their mutual satisfaction, the Executive officers of Sealy, Inc. shall be called upon to determine the

controversy.

4. The chief Executive Officer shall make a ruling on the

controversy.

The affected licensees would then have the right to appeal the decision of the President to the regular grievance committee of the Board.

6. The grievance committee shall consider the decision and make its recommendations to the Board, which thereupon makes its decision, which would be final.

Very truly yours, Sealy, Incorporated, E. H. Bergmann

EHB/rl

#### GOVERNMENT'S EXHIBIT No. 777

# [fol. 989E] IN UNITED STATES DISTRICT COURT

666 Lake Shore Drive Chicago 11, Illinois

Confidential to Sealy Personnel.
Action Required

Bulletin: Number 22, February 17, 1956

Subject: Specification and Cost Committees for 1956

To: All Sealy Plants

#### Gentlemen:

The national office is asking for volunteers who will serve on these committees and who will really Work.

These committees should provide much broader service than in the past, and that is being said without criticism of

any past committees,

The specifications for the resale line are in sad need of a complete review and overhaul. I am asking for a volunteer committee of three directors to serve as a Specification Committee, with the understanding that they will give full and complete attention not only to specifications for the resale line but also to any and all other bedding specifications required in our national work. Only the Board of Directors Will Have Power to Veto or Alter Specifications Approved by This Committee.

Cost knowledge on bedding in the national office has left much to be desired in the past. This office requires adequate cost information, not only for its proper guidance but for

that of all the plants as well.

Each plant owner is requested to determine whether he wishes to work on this committee, or possibly he may have someone on his staff who could devote the necessary time required by a real cost committee. Please advise this office prior to March 1 if you have any suggestions.

In conclusion I want to stress once more that these com-

mittees will be expected to Work.

Very truly yours, Sealy, Incorporated, E. H. Bergmann.

EHB/kt

#### [fol. 990E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 816

SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud"

Cleveland 15, Ohio Telephone Vulcan 3-0444 284 East 37th Street

February 11, 1953.

Mr. E. H. Bergmann Sealy, Incorporated 2012 West 25th St. United Office Bldg., Room 418 Cleveland 13, Ohio

#### Dear Mr. Bergmann:

Our salesman in the Dover and New Philadelphia area advises that they are getting radio broadcasts sponsored by the Reichart Furniture Company of Wheeling, W. Va., and Youngstown, Ohio, advertising the Sealy Posturepedic and offering a \$5.00 trade-in allowance.

Some of our dealers are quite disturbed about this, so would appreciate your checking into it.

Sincerely, Sealy Mattress Company, Ernest M. Wuliger.

EMW:HR

#### [fol. 991E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 817

# SEALY MATTRESS COMPANY

"Sleeping on a Sealy is like Sleeping on a Cloud".

#### New Address is:

Lowe & McKnight Sts.
West End, Pittsburgh 20, Pa.
Pittsburgh 22, Pennsylvania
Telephone Atlantic 1-7451
2110 Penn Avenue

February 18, 1953.

Mr. Earl Bergmann c/o Sealy Inc. 2012 West 25th Street Room 1418 - United Office Bldg. Cleveland 13, Pa.

#### Dear Earl:

I followed up your 'phone call of yesterday and contacted the Reichart Furniture Company in Wheeling, West Virginia. I spoke to the owner, Robert Levenson, and he emphatically denied advertising the Posturepedic on radio with a \$5.00 trade-in allowance. He double checked with his advertising department and I overheard his conversation with his advertising manager. I believe he is telling the truth.

I have 'phone the Cooey-Bentz Company who I told you had advertised in the newspaper with the \$5.00 trade-in allowance. They had already been cautioned not to repeat that type of advertising, but I thought possibly that they were repeating it on radio. They also denied such radio advertising and profusely apologized for having run the newspaper ad.

I don't know where Ernest Wuliger got his information. I 'phoned him too, but he is in Chicago until Friday.

I would like to track this down, Earl, and if you get any further word on it I would appreciate your letting me know.

Yours very truly, Sealy Mattress Sales Co., H. F. Kaufman.

HFK/jb

[fol. 992E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 877

SEALY OF THE CAROLINAS

Sleeping on a Sealy is like sleeping on a cloud

Lexington, N. C. Telephone 3572

May 4, 1956.

Sealy, Incorporated-666 North Lake Shore Drive Chicago 11, Illinois

Attention: Mr. E. H. Bergmann

Dear Mr. Bergmann:

Several weeks ago, one of our principal customers of Fayetteville, North Carolina, complained to us that the Military Personnel Buying Agency of Spring Lake, North Carolina, which is on the Fort Bragg side of Fayetteville, was offering Posturepedic Foam Rubber outfits at \$119.50.

Our Fayetteville customer was under the impression that this concern was buying the merchandise from another customer of ours located at Southern Pines, North Caro-

lina. This was untrue.

Our sales representative was in Fayetteville on Thursday of this week and he took it upon himself to telephone the Military Personnel Buying Agency, inquiring as to whether they had any mattresses to sell and they told him that they offered Sealy only. He then inquired as to whether they had the Posturepedic Foam Rubber mattress and they said that they did and that they offered it at \$119.50 f.o.b. Washington, D. C:

Quite obviously, therefore, they are having this merchandise transferred to them from some similar outfit in Wash-

ington, D. C.

We hardly know how to approach this matter except through you. This competition is, however, destructive of our Fayetteville, North Carolina, effort. Will you please take whatever action is necessary and advise.

With kind personal regards.

Yours very truly, Sealy of the Carolinas, J. V. Moffitt, Jr.

JVMjr/eg

[fol. 993E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 878

May 8, 1956.

Mr.J. V. Moffitt, Jr. / Sealy Mattress Company Lexington, North Carolina

Dear Joe:

This acknowledges receipt of your letter of May 4 relative to the difficulty you have had with the Military Personnel Buying Agency of Spring Lake, North Carolina.

Undoubtedly this merchandise is coming out of one of the many discount houses located in the District of Columbia where there are no fair trade laws. The District of Columbia is a haven for the price cutters of America. These price cutters are a headache to Mr. Rudick of the Baltimore plant and he has been doing a masterful job in trying to control them.

A copy of this letter and a photostatic copy of your letter will be sent to Mr. Rudick asking him to report his findings to you and the steps he is taking to eliminate the situation in his territory.

> Very truly yours, Sealy, Incorporated, E. H. Bergmann

EHB:lp

ec-J. R. Rudick

# [fol. 994E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 932

Minutes of Executive Committee Meeting . . . William Penn Hotel Pittsburgh, Pa. — 12/14/36.

The President opened the meeting by instructing the Corresponding Secretary to read the minutes of the Chi-

cago Executive Committee Meeting.

Mr. Haas stated that he would like an opportunity to make a survey of South and North Carolina, and then determine whether he would relinquish the territory instead of giving it up as agreed at the previous meeting. Mr. Bergman stated that the only basis on which the territorial situation could be worked out, in all fairness to Sealy, Incorporated, was to set up a fair royalty return from each territory and demand that any factory working that territory, either by warehouse or direct contact, live up to the expected returns or else yield the said territory to Sealy, Incorporated for licensing. Mr. Haas repeated that he did not want to bind himself definitely by the agreement contained in the previous minutes, but that he would do the fair thing by Sealy, and if his survey revealed that he would be unable to assure as large a return for Sealy, Incorporated as a direct licensee in that territory he would yield South and North Carolina as previously agreed.

Mr. Haas then made a metion that the Minutes be accepted as read and Mr. Bergman seconded the motion. Ap-

proved.

The corresponding Secretary next read the contract, prepared by Mr. Lester Wolf, to be in effect between Sealy, Incorporated and Messrs. Brody and Englehardt, copy of which is attached hereto. Mr. Haas questioned Paragraph 10 dealing with the establishment of a Sealy space in the Furniture Mart, stating that he felt this should be established just as soon as Brody and Englehardt's salary reaches a point that would justify its upkeep, however, [fol. 995E] he did not believe that any certain figure should be specified as controlling the rental of this space. It was Mr. Haas' recommendation that any set figure be

omitted and the words "as mutually agreed" substituted therefor.

Mr. Bergman made a motion that the contract be placed in effect as written, dated November 1st, 1936, with the single change suggested by Mr. Haas. Mr. Haas seconded

the motion. Approved.

The Corresponding Secretary read the New Manufacturers' Contract, also the Installment Stock Purchase Contract, copies of which are attached hereto. Mr. Haas made a motion that both these contracts be accepted as written, and that Mr. Wolf be given authority to sign these agreements with new licensees and attach the corporate seal, attested by the Assistant Secretary. Mr. Bergman seconded the motion. Approved.

The Secretary read the various papers dealing with the purchase of Sealy stock from Earl E. Edwards and the Southern Commercial Corporation, namely, the form of the notes to be executed, form of release, et cetera, copies of which are attached, and Mr. Bergman moved the passage

of the following resolution:

"Resolved that the President and Assistant Secretary of Sealy, Incorporated be and they are hereby authorized to execute and deliver, and for that purpose to affix the corporate seal, to E. E. Edwards the corporation's note in the sum of \$9,750.00 dated December 19, 1936, payable in sixty (60) monthly installments of \$162.50 each, the first of which installments shall be due and payable on January 1, 1937, with interest thereon from maturity at the rate of six per cent per annum, said note being substantially in the form of the copy attached to this resolution, which said note is delivered in consideration of the endorsement and transfer by the said E. E. Edwards to Sealy, Incorporated [fol. 996E] of 325 shares of stock of Sealy, Incorporated to said corporation and the execution and delivery by the said E. E. Edwards to Sealy, Incorporated of a release and quitclaim of all of his right, interest and claim in and to the name, trade-mark and trade name "Sealy" and any patents or copyrights owned, used or registered in the name of Sealy, Incorporated."

Motion seconded by Mr. Haas. Approved.

Mr. Bergman then moved the passage of the following

resolution:

"Be It Further Resolved that the President and Assistant Secretary of Sealy, Incorporated be and they are hereby authorized to execute and deliver, and for that purpose to affix the corporate seal, to Southern Commercial Corporation, the corporation's note in the sum of \$7,620.00 dated December 19, 1936, payable in monthly installments of \$127.00 each, the first of which installments shall be due and payable on January 1, 1937, with interest thereon from maturity at the rate of six per cent per annum, said note being substantially in the form of the copy attached to this resolution, which said note is delivered in consideration of the endorsement and transfer by the said Southern Commercial Corporation to Sealy, Incorporated of 254 shares of stock of Sealy, Incorporated to said corporation and the execution and delivery by the said Southern Commercial Corporation to Sealy, Incorporated of a release and quitclaim of all of its right, interest and claim in and to the name, trade-mark and trade name "Sealy" and any patents or copyrights owned, used or registered in the name of Sealy, Incorporated."

Motion seconded by Mr. Haas. Approved.

[fol. 997E] Mr. Haas made a motion that an immediate trademark search be made, covering the ten standard Sealy names, and that these ten labels by copyrighted just as soon as the new labels became available. Motion seconded by Mr. Bergmann. Approved.

[fol. 998E] Territorial set-ups were discussed, particularly the requirements of two licensee prospects the Acme Mattress Company of Indianapolis, Indiana and the Dodge-Dickinson Company of Bloomington, Illinois. Mr. Haas outlined the Indiana territory which he was willing to relinquish, also part of his Kentucky territory. Mr. Haas stated that he was unable to say what they could do about Illinois but would make a check, immediately on his return to the office, and advise what they could relinquish in that state.

#### [fol. 999E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 933

Minutes of Executive Committee Meeting Stevens Hotel, Chicago, January 7th — 1937.

[fol. 1000E] Mr. Haas moved that a check be made as to whether the "Little Darling" name was trademarked by Sealy for crib mattresses, and if no such trademark exists that we proceed with the necessary search and trademarking. Mr. Wolf seconded the motion. Approved.

The Corresponding Secretary next read the suggested Committee appointments. Mr. Haas moved that these be accepted as read. Mr. Bergman seconded the motion. Approved.

H. E. Wolf President. Jacob R. Haas, Vice-President. Earl H. Bergmann, Secretary.

# [fol. 1001E] Advertising Advisory Committee ...

- (1) Paul Andre
- (2) Wm. W. Llewellyn
  - (3) J.R. Haas
- (4) Harry Olson
- (5) Philip C. Handerson
- (6) Earl Bergman

# **Engineering Committee**

- (1) Harry E. Wolf
- (2) H.C. Hasselbarth
- (3) Mar Marsack
- (4) W.H. Greenwalt
- (5) M. Nierenberg

# Styling Committee

- (1) Mrs. V.C. Weisenberger
- (2) Kay W. Ninness
- (3) Mare Hoffman
- (4) Morris Stein
- (5) Seniel Ostrow
- (6) Frank Wuliger

#### Merchandising Committee

- (1) Edgar Haas, Chairman
- \* (2) F.G. Weisenberger
  - (3) Monroe Dodge
  - (4) Chas. H. Friedberg
- · (5) Murray Abrams

# Cost & Acct. Practice Committee

- (1) Paul Fehr
- (2) Earl Bergman
- (3) Mare Hoffman
- (4) Walter Notman
- (5) Robert Culp

## **Purchasing Committee**

- (1) Frank Wuliger
  - (2) J.R. Haas
  - (3) Max Marsack
  - (4) Harold Balyeat
  - (5) M.P. Cady

[fols. 1002E-1003E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 934

Minutes of Board of Directors Meeting Stevens Hotel — Chicago January 8th, 1937.

The President outlined the proposed Committee set-ups recommended by the Executive Committee. Mr. Stein made a motion that the selection of Committees be left entirely in the hands of the President. Mr. Haas seconded the motion. Voted. Approved.

[fol. 1004E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 937

Minutes of the Board of Directors Meeting, Palmer House, Chicago, June 30th, July 1st, 1937.

[fol. 1005E] The President announced that Mr. Leguillon and Mr. Seitz of the B. F. Goodrich Company had a few words to say to the Board. Mr. Leguillon told the Board that he had experienced considerable difficulty, in having Sealy mentioned as frequently as he would have liked to, in Goodrich advertising because Sealy does not have proper national distribution. Mr. Leguillon stated that the greatest weakness existed in the South, New England, Chicago, and Detroit. Mr. Leguillon urged the Board to correct this situation. Mr. Seitz supplemented Mr. Leguillon's remarks on the subject, adding that an extensive field between Denver and California was also being neglected. Mr. Leguillon and Mr. Seitz left.

# [fol. 1006E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 938.

Minutes of the Stockholders Meeting of Sealy, Incorporated, Palmer House, Chicago, July 2nd and 3rd, 1937.

The President opened the meeting with a welcome to the members. The following representatives (by proxy) of stockholders were present: H. E. Wolf for H. E. Wolf, Fort Pitt Bedding Company. The Land O'Nod Company, and the Fred. G. Hodges Bedding Company. Mr. E. J. Cunningham for C. O. Hasselbarth, Inc., Harold Balyeat for the Acme Mattress Company, Earl Bergmann for William H. Rosenfeld, Morton Walzer for the Waterbury Mattress Company, Morris Stein for the Sealy Mattress Company Oregon, William W. Llewellyn, Jr. for Ingraham Manufacturing Company, J. R. Haas for the U.S. Bedding Company.

Also present were the following representatives of stockholders: Mr. Morris Stein for M. Stein and M. Nierenberg, Denver, Seniel Ostrow for the Valley Bedding & Furniture Co., Charles Friedberg for the Southwest Sealy Corporation, Edgar Haas for the Sealy Mattress Company, Texas, W. J. Notman for Otis-Buffalo, Inc., Harold Balyeat for the Balyeat Manufacturing Co., Murray Abrams for the Divan Corp. of America, Max Marsack for the Li-on Bedding Co., H. M. Dodge for the Dodge-Dickinson Company.

Others in attendance were: Mr. Joe Rogers, Mr. John M.

Brody, Jr., Mr. Lester Wolf, and Mr. Robert Culp.

The President instructed the Secretary to read the Minutes. Mr. Friedberg made a motion that the Minutes be accepted as read. Mr. Abrams seconded the motion. Approved.

[fol. 1007E] Mr. J. R. Haas explained why the term "royalty" is in error, as applied to the operation of Sealy, Incorporated, since it is actually nothing other than a co-operative advertising effort, Sealy being a non-profit organization. Mr. Stein supplemented Mr. J. R. Haas's remarks.

### [fol. 1008E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 939

12-6-37

#### ALPHABETICAL LIST OF STOCKHOLDERS

of

#### Office with Corporation Service Company Wilmington, Delaware

This list should be prepared and posted at the place where the meeting is to be held, ten days prior thereto, open to examination of any stockholder.

It must be produced and kept at the time and place of election of directors, open to inspection of stockholders. Failure to do this renders directors ineligible to re-election.

After election, keep this list with your records.

#### Name:

Acme Mattress Co. Balyeat Manufacturing Co. C.O. Hasselbarth, Inc. Dodge-Dickinson Co. Fort Pitt Bedding Co. Fred G. Hodges Bedding Co. Ingraham/Mfg. Co. Land-O-Nod Co. Li-On Bedding Co. Otis-Buffalo, Inc. Rosenfeld, William H. Sealy Mattress Co., Houston, Texas Sealy Mattress Co. of Oregon Stein, M. & Nierenberg, N. Southwest Sealy Corp., Kansas City U.S. Bedding Co., Memphis Valley Bedding & Furniture Co. Waterbury Mattress Co. Wolf, H.E.

[fol. 1009E] Sealy Annual Meeting Palmer House, Chicago, Illinois Board of Directors—December 7, 1937.

(1) The Vice-President called the meeting to order. The following Directors were present: Mr. J.R. Haas, Mr. Earl H. Bergmann, Mr. Seniel Ostrow, Mr. Charles Friedberg, Mr. Morris Stein, Mr. Harold Balyeat, Mr. Jos. Rogers, and the following other persons, Mr. E.J. Cunningham, Mr. M. Nierenberg, Mr. Robert G. Culp, Mr. Lester Wolf, Mr. W. Guy Mankey, Mr. John M. Brody, Jr., and Mr. Wallace H. Englehardt.

(2) The first order of business was the election of Officers. Mr. Bergmann moved that Mr. HarryE. Wolf be re-elected as President. Mr. Stein seconded the motion.

Voted. Unanimously approved.

(3) Mr. Stein moved that Mr. J. R. Haas be re-elected as Vice-President. Mr. Jos. Rogers seconded the motion. Voted. Unanimously approved.

(4) Mr. Friedberg moved that Mr. Earl Bergmann be reelected as Secretary. Mr. J.R. Haas seconded the motion.

Voted. Approved.

(5) Mr. Stein nominated Mr. Stein for Treasurer. Mr. Friedberg seconded the motion. Voted. Unanimously approved.

(6) Mr. Rogers nominated Mr. R.G. Culp for Assistant Secretary-Treasurer. Mr. Ostrow seconded the motion.

Voted. Unanimously approved.

- (7) The Vice-President read an outline of the duties and powers of the Executive Committee and stated that the said Committee should consist of two or more Directors. Mr. Friedberg moved that the Executive Committee be [fol. 1010E] augmented by at least one member during Mr. Wolf's illness and nominated Mr. Stein to serve on that Committee until such time as Mr. Wolf is able to resume active service. Mr. Ostrow seconded the motion. Voted and unanimously approved.
- (8) Mr. Friedberg made a motion to change the last action so that the Executive Committee for the year 1938 should consist of the following: Mr. Harry E. Wolf, Mr. J.R. Haas, Mr. Earl H. Bergmann, and Mr. Morris Stein. Mr. Rogers seconded the motion. Voted. Unanimously approved. The Secretary was instructed to cast a vote for the following to constitute the Sealy Executive Committee for 1938—Mr. Harry E. Wolf, Mr. J. R. Haas, Mr. Earl H. Bergmann, and Mr. Morris Stein. The ballot was so cast.

(9) Mr. Ostrow made a motion that the Executive Committee serve for a period of one year or until its successors are elected. Mr. Bergmann seconded the motion. Voted. Unanimously approved.

(10) Mr. Friedberg questioned Mr. Lester Wolf as to whether the Executive Committee has the power to reverse an action of the Board of Directors. Mr. Lester Wolf replied that the Executive Committee does not have this

power.

(11) Mr. Friedberg made a motion that the Executive Committee be vested with all of the powers of the Board of Directors, between meetings of the Board, with respect to the business and property of the Corporation, with the exception that it should not have the power to amend the By-Laws of the Corporation or fill vacancies on the Committee or on the Board of Directors.

[fol. 1011E] Mr. Ostrow seconded the motion. Voted. Ap-

proved unanimously.

### [fol. 1012E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 940

Sealy Stockholders Meeting Palmer House, Chicago, Illinois December 7, 1937.

(4) Proxies were also placed on file by Otis-Buffalo, Incorporated for W.J. Notman who, unfortunately, was [fols. 1013E-1016E] not present, and by H.C. Hasselbarth, Incorporated for H.C. Hasselbarth, with Mr. Cunningham the only one present from this organization.

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[fols. 1017E-1019E]	Sealy,	Incorporated	Profite &	Loss St	tatement for	Period	of	July	1
Income		1937	to Decem	ber 1, 19	937		-		

Income 1937 to De	cember 1, 1937	DE	
Royalties from July 1st to December 1st, 193 Plus Discount Earned	7	\$25,659.60 200.21	
		- 1	\$25,859.81
Lon			420,008.81
Ticking Purchase		86.98	
Freight and Expressage	1,013.64		
John M. Bredy, Jr. Wallace H. Englehardt	2,880.00 2,880.00		
Administrative Expense		20,202.48	
Legal Expense.	005 00	1	-
Patent Expense	912.40		1
Printing and Stationery	180 70	1 1	f
Postage Telephone and Telegraph	190.25 284.55		
Traveling Expense	1 207 05		
Rent Account	250.00		*
Salaries	3,341.03		1
E. H. Bergmann	110.00	7.55	2
R. G. Culp	110.00 280.00		
C. De Fries	350.00		
J. R. Haas. J. Hughes.	70.00		
K. Ninness	1 000 00	3.4	
B. Vogel	500.00		100
H. E. Wolf.	441.00	6 60	
***************************************	3,043.50	*	7 - 4
Delaware Office Expense	50.00	6,434.53	1 1
Other Expenses		* '	
Trade Marks and Patent Expense	102.75		
Experimental Expense	396.00		
Interest Paid.	55.00		
Old Age Benefits Tax		: 4:	14
Federal Income Tax 1937 344 83			. e
Penna., State Income Tax 1937			
	1,399.33		
Divan Corporation Loss	66.68	1,466.01	**
Total Expense	***************************************		28,190.00
Loss			2,330.19
Gain from Sale of Stock			1,400.00
Loss to December 1, 1937			-
			930.19

Lor. fosomi 9	Record of Sealy, Incorporated Stockholders as of Dec		-,
Certificate #1	Cancelled		
#2	Cangelled		
#3	Canbelled		
#4	Cancelled		
* * 5	Sealy Mattrees Company of Oregon		shares
#6	M. Stein & N. Nierenberg	85	
* *7	William H. Rosenfeld	7.7	
. #8	H. E. Wolf	50	
,	Fort Pitt Bedding Co	150	
#1	O Valley Bedding & Furniture Co	50	
#1	1 U. S. Bedding Co., Memphis	313	
. #1	2 Southwest Sealy Corp., Kansas City	10	
	3 Sealy Mattress Co., Houston, Texas	50	
	4 Cancelled		
	5 CO. Hasselbarth, Inc.		
*1	6 Acme Mattress Co		
#1	the second secon	. 2	
*1	8 Balyeat Manufacturing Co		B .
	9 Divan Corporation	2	
	0 Ingraham Manufacturing Co	. 2	
	1 Li-On Bedding Co	2	
	2 Land-O-Nod Co		
	3 Cancelled		
	4 Dodge-Dickinson Co	. 3	P
	5 Cancelled		
#2	6 Waterbury Mattrees Co	. 2	
#2	7 Cancelled		
. #2	8 Fred G. Hodges Bedding Co	. 2	š .
#2			
	O Balyeat Manufacturing Co		3
#3			
	2 Ingraham Manufacturing Co		3
. #3	3 Li-On Bedding Co		
	4 Sealy Mattress Co., Houston, Texas		8.
	5 Cancelled		
	6 Acme Mattress Co		3
	7 Cancelled		
	8 Cancelled		
	9 Waterbury Mattress Co		3 .
. #4	O Sealy, Incorporated	537	

1,500

[fol. 1		R	ecapitula	tion	of	Stoc	k 8	harp							
Sealy	Mattres Co	of Ore	gon							 					136
MA. DU	CITH OF TA' TAIG														85
AA TITISP	m n. Roseni	eld													77
II. D.	WOH												-		50
LOL I	TW Decign	CO													150
A smich	Dedding &	Furnitui	re Co					-							50
U. O. I	bedaine Ca	Mempi	110	4				_							313
COULD	West Basiv C	ord. Ka	mana (Sts	9 -										- 1	
Sealy	Mattres Co	House	on Taxes							 ya 6 a					10
C. O.	Hasselbarth,	Inc	July Toxing						:::	 					97
Acme	Mattress Co	AMO								 					. 0
Otie-B	uffelo Inc					* *.* *				 					. 5
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Incom	Corporation	2								 					2
Tugran	am Manufa	cturing (	0							 	9				. 5
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LOUGER	-Luckinson (	in													2
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# [fols. 1022E-1024E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 941

Minutes of Executive Committee Meeting, Hotel George Washington, W. Palm Beach, Fla., February 21, 22—1938.

[fols. 1025E-1027E] 20-c. The Memphis territory was discussed, and Mr. Haas stated that he would know within ninety days whether he prefers working North and South Carolina and part of Georgia, or whether he will relinquish this territory to Sealy, Incorporated.

# [fol. 1028E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 946

Minutes of the Semi-Annual Meeting of Members and Stockholders of Sealy, Incorporated, Held Pursuant to Notices Duly Mailed.

Wednesday July 2, 1941 at the Congress Hotel Chicago, Illinois.

5. At the request of Mr. Bergmann, Mr. Brody presented to the membrs the recommendations of Sealy, Inc. of uniformity nationally in merchandising and advertising endeavours and stressed the real necessity of evry Sealy manufacturer and salesman absolute compliance with the regulations of the Federal Trade Commission, in regard to unfair trade practises as applied tonadvertising, product labels and merchandise representations. Mr. Brody stated the emphatic position of the Federal Trade Commission so far as uniform specifications and uniform merchandise nationally branded and advertised is concerned.

[fols. 1029E-1030E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 950

Proceedings of Licensee Meeting, Sealy Inc. Held at Palmer House Chicago, November 28th, 1942.

Mr. Haas spoke on the satisfactory progress of Sealy in 1942 in building and merchandising in the profit brackets and in establishing and maintaining trade marks. All this made possible an augmented advertising program for 1943. He also explained the difficulties in buying cotton of the right grades and the complications on account of requiring non compressed cotton for the Sealy Tuftless. He recommended buying ahead on this item also ticking because that situation might become extremely critical. He also pointed out that this was definitely a class market and that already we were selling more Sealy Tuftless than we had Sealy Rest.

# [fol. 1031] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 951

Minutes of the Meeting of the Licensses of Sealy Incorporated Held at the Chicagoan Hotel, December 4th, 1943.

1. Meeting called to order at 10:30 A.M. by E. H. Berg-mann.

2. Roll call showed the following present:

I. A. Wiener representing	Allston
J. L. Metcalfe "	Bluefield
Max Kligman "	Brooklyn
Morris Kaplan "	Chicago
Herbert N. Neilson "	Cincinnati .
Earl H. Bergmann . "	Cleveland
Chas. Lippan "	Dallas
Morris Stein "	Denver
H. N. Ryden	Des Moines
Conrad Osiason "	Fall River
R. S. Rogers "	Houston
J. R. Waldstein "	Kansas City
Seniel Ostrow "	Los Angeles, Fresno &
	Oakland
J. R. Haas	Memphis
R. W. Marquardt "	Milwaukee
M. Lewis	Passaic
Samuel Hertz "	Passaic
R. G. Culp "	Pittsburgh
Arthur H. Raasch "	Portland
T. C. Engelhardt "	Reading
Sydney Sutherland "	Richmond
Lawrence Simmerman"	East Point
John M. Brody, Jr.	
W. J. Craig	
Wm. Hoffman	
M. Selhourn	
	. 44

3. Mr. Brody outlined briefly merchandising plans in the advertising program. The chairman thanked Mr. Brody for the very concise but adequate presentation of our situation and prospects.

4. Mr. Kaplan, Chairman of the Advertising Committee. presented the Sealy advertising program for the first six months of 1944 and showed items and displays with approximate costs of each item and also costs of the complete packages, explaining the vital necessity of using the program in its entirety. He reviewed the magazine program and the schedule of dates, also layouts for the Sealy advertisements. It was the consensus of opinion that our program as presented by Mr. Kaplan was the most attractive and complete program that Sealy had ever had. Mr. Kaplan took orders for the complete advertising package for delivery as soon as completed. Mr. Haas stated that 50% of cost of package could be charged back to Sealy up to 40% of royalty. Mr. Bergmann thanked Mr. Kaplan for his very adequate presentation, which he said showed understanding and a careful working out of every detail.

5. The meeting adjorned at 1:00 P.M. for lunch. [fol. 1082E] 6. The meeting reconvened at 2:15 P.M., the

same members being present.

7. Mr. Haas outlined the present situation of the cotton market, and the situation in the raw ma terial market in

general.

8. Mr. Marquardt reported on the work of the ticking committee, especially on the work accomplished on their trip to New York. Samples were shown of the tickings selected for the various Sealy items. The Chairman thanked Mr. Marquardt and the members of his committee for their efficient work and suggested a vote of thanks which was given unanimously. The meeting adjourned at 4:30 P.M.

dent. R. G. Culp, Secretary.

W. J. Craig, Asst. Secretary.

#### [fol. 1033E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 956

Minutes of the Meeting of the Board of Directors of Sealy, Incorporated, Held at the Drake Hotel, Chicago, Illinois, November 23, 1945.

[fol. 1034E] 12. Mr. Haas stated that he was in favor of training a man that might eventually become the head of Sealy, Incorporated and that he had such a man in view and asked the Board for approval to hire him. (No vote was taken—only Mr. Stein objected.)

[fols. 1035E-1036E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 957

Minutes of the Meeting of the Licensees of Sealy, Inc., Held at the Drake Hotel, Chicago, Illinois, November 25, 1945.

3. Mr. Haas opened the meeting and spoke on the necessity for proper management and the need for additional top personnel.

# [fol. 1037E] IN UNITED STATES DISTRICT COURT

	GOVERNMENT'S EXE	ивит No. 958	
. (	List of Stockholders Sea	ly, Incorporated	
			darch 9, 1947.
			Number of Shares
Max/Kligman Morris Lewis & Sai G. A. Maish Comp J. L. & T. O. Mete M. Nieremburg & M. Osiason, Inc. Seniel Ostrow.	dding Co	Ave., Pittsburgh, Pa Ave., Brooker, N.Y., , Passaic, N.J. t., Cincinnati, Ohio enue, Bluefield, Va er St., Denver, Colo ay, Fall River, Mass nandiel, Los Angeles, (ble) York St., Portle	10 10 10 35 5 35 2 2 2 2 2 3dif. 60
Rogers Mfg. Comp	anyBox 7506 Jol	hn Allen Station How	36 .0
Dodly Madules Co.	Tex	e, Kansas City, Mo le) Clarks St Milwan	10
Sealy Mattress Co. Schmitt & Henry M. Sidney Sutherland	Wisc 2106 Penn, A fig. Co301 S.W. 8th (illegible) He	Ave., Pittsburgh, Penn 1 St., Des Moines, Iow	20 36 a. 20
Ernest M. Wuliger		St., Memphis, Tenn St., Cleveland, Ohio. st Point, Georgia	344 77
			790 Sh.
S Comment	Treasury Sto	ck	710 "

#### [fol. 1038E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 962

Minutes of the Meeting of the Stockholders of Sealy, Incorporated, Held at the Stevens Hotel, Chicago, Illinois, November 21, 1947.

[fol. 1039E] 9. Mr. Haas moved that the resolution be adopted and the By-Laws be amended. Mr. Kanter seconded the motion. Passed.

10. Mr. Rogers reported for the nominating committee for Directors as follows:

E. H. Bergmann, M. A. Kaplan, Ben Rosenfeld, E. M. Wuliger, J. J. Willens, Peter D. Brown, Louis G. Haas, R. G. Culp, H. B. Fouts, M. H. Yulman, Sidney Sutherland, and J. R. Haas.

---, ---, President. E. H. Bergmann, Vice President. ---, Secretary.

W. J. Craig, Assistant Secretary.

# [fols. 1040E-1041E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 964

Minutes of Meeting of Licensees of Sealy, Incorporated Held at Furniture Mart, Friday, July 2, 1948.

[fols. 1042E-1043E] The President stated that approximately ninety-eight (98) shares of stock of Sealy, Incorporated was available at \$105.00 per share, it being pointed out that each licensee would be entitled to four shares. Mr Herbert Haas, counsel for the company, explained that the purchase of these shares of stock was subject to the condition that the licensee must re-sell the same to Sealy, Incorporated at his cost, in the event his license was terminated for any reason, provided that if a bona fide offer in excess of such cost were received by the licensee, Sealy. Incorporated must meet such bona fide offer. The following licensees immediately subscribed for their shares of stock:

Sealy Mattress Company of Memphis
Sealy Mattress Company of Southern California
Sealy Mattress Company of Atlanta'
Sealy Mattress Company of Portland
Sealy Mattress Company of Pittsburgh
Sealy Mattress Company of DesMoines
Sealy Mattress Company of Chicago
Sealy Mattress Company of Richmond
Sealy Mattress Company of Schenectady
Sealy Mattress Company of Detroit

Mr. Haas pointed out that the certificates would be issued shortly, and that the subscribers and Sealy would consider the sales consumated.

[fol. 1057E] The U. S. Bedding Company further agress to obtain a new contract from Sealy, Inc., for Slumber Products Corporation to permit it to manufacture and sell Sealy products in the State of Georgia, upon the consideration and agreement by Slumber Products Corporation that they would, upon the execution of such franchise right, begin the immediate sale and servicing of Sealy products within the State of Georgia, and would, during the year 1953, rent, erect or purchase a warehouse or procure warehousing facilities in the City of Atlanta, or its environment for the sale, servicing and distribution of Sealy products, and Slumber Products Corporation is to further agree that within three (3) years after obtaining such franchise rights, to rent, purchase or erect a factory for the manufacture, sale, servicing, and distribution of Sealy products in the City of Atlanta or its environments, with adequate facil ities to service the status of Georgia and Florida, and the sale and manufacture of Sealy products; and that Slumber Products Corporation also agrees that they will maintain, during the life of their agreement with Sealy, Inc., for the State of Georgia, adequate sales personnel and supervision and necessary advertising to properly facilitate the sales of Sealy Products within that area.

Slumber Products Corporation agrees that the contract between the U. S. Bedding Company and Sealy, Inc., for the Memphis operation, which is to be assigned herein, will be amended so as to reflect that the Slumber Products Corporation cannot sell or assign such Sealy contract from and after March 1, 1953 to any person, firm or corporation without the written consent and approval of the Board of Directors of Sealy, Inc., except that such assignment may be made to stockholders of the Slumber Products Corporation provided such stockholders are relatives, of at least the second degree of the present stockholders of said corpo-

ration."

Authorization of Transfer of Sealy Contract to Slumber Products Co.

11. Mr. Morris Stein made a motion that the transfer of the franchise contract from U. S. Bedding Company to Slumber Products Corporation be approved, subject to the agreements outlined above. This motion was seconded by Mr. Ostrow and passed.

[fol. 1058E] Transfer of Sealy License Fort Worth Territory to Sealy Company of the Southwest

12. Mr. Brown made a motion that the franchise contract now held by the U. S. Bedding Company for the Texas and Oklahoma territory be transferred to the Sealy Company of the Southwest—this company to be owned and operated by Mr. Louis G. Haas. Mr. Culp seconded the motion and it was passed.

# Discussion of Possible Florida Territory

13. Mr. Bergmann stated that he had been in negotiation for the Sealy franchise holder in Miami, Florida and that he was under the impression that the U. S. Bedding Company had surrendered that portion of Florida as indicated by the minutes of the board meeting of April 2, 1952. The discussion of this matter reverted to the matter of the territory being transferred from the U. S. Bedding Company to Slumber Products Corporation under the transfer of the franchise contract, now held by U. S. Bedding Company and the board expressed their feeling that the executive staff should endeavor to extract the counties of Palm Beach, Broward, and Dade in the final negotiation with Slumber Products Corporation.

Factual Sales Report of Des Moines, Reading, & Louisville Plants

14. Mr. Bergmann presented a factual sales report of the sales of the Des Moines, Reading, and Louisville plants and stated that it was his intention to present to the board, once a year, the sales progress of those plants under 90% of their sales par as established by Sealy from time to time.

Extension of Louisville Contract fo 8 Months

15. Mr. Bergmann stated that the franchise with the Logan Company of Louisville would expire on March 31, 1953, and that he would like to have the board action on his recommendation that the Louisville agreement be extended

### [fol. 1044E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 970

Minutes of the Board of Directors of Sealy, Incorporated Held on November 11, 1950, Private Dining Room 13, Stevens Hotel, Chicago, Illinois.

# Discussion of Full Time Employment of President

5. There was a general discussion regarding the question of full time employment of Mr. E. H. Bergmann for Sealy, Incorporated. Various members expressed their reasons and convictions for full time employment. Mr. Wuliger, speaking for the Ohio Mattress Company, expressed an extreme reluctance on the part of the Cleveland plant to giving up the services of Mr. Bergmann to that organization. He also expressed the advantages to Sealy, Incorporated to having Mr. Bergmann in close affiliation with an operating plant. No conclusions on this subject were reached.

#### [fol, 1045E]

#### Committees

9. Mr. Bergmann appointed the following standing committees: Advertising Committee, M. A. Kaplan, Chairman, J. R. Lawrence, J. F. Zarish, E. J. Kanter, Ernest Wuliger and William Walzer, Syndicate Selling Committee: E. J. Kanter, Chairman, C. B. McGillivary, M. H. Yulman, Peter Brown. Grievance Committee; Herbert J. Haas, Chairman, H. B. Fouts, M. A. Kaplan and Ernest Wuliger. Merchandising and New Idea Committee; Louis Haas, Chairman, Joe Willens and William Walzer.

#### [fol. 1046E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 972°

Minutes of Sealy Incorporated Board of Directors Meeting Held in Space 920 American Furniture Mart, Chicago, Illinois November 9, 1951.

# Investment of Corporate Funds

6. Mr. Bergmann gave an outline of his plans for the investment of approximately \$15,000.00 per year of the corporate funds in bonds and stocks for the purpose of establishing a negotiable asset against the \$150,000.00 value carried in the statement on Sealy patents and trademarks. He stated that approximately \$21,000.00 had already been invested in stock of Posture Products, Inc. and suggested that approximately \$9,000.00 additional be invested in some dividend paying stocks or bonds. Mr. Kanter made a motion that the expenditure of the corporate funds for such purpose be authorized and that the selection of the stocks or bonds be left to the discretion of the president. This motion was seconded by Mr. Fouts and passed.

# [fol. 1047E] Renewal of Licensee Contracts

10. Mr. Bergmann called to the board's attention that the following license agreements would expire during the year 1952 and suggested that since the licensees would be asked to participate in a television program, that the Board give consideration to the renewal of their contracts. Those license agreements expiring are as follows: Eagle Mattress Company, Allston, Massachusetts expires April 30, 1952. Metcalfe Brothers, Inc., Bluefield, Virginia expires March 31, 1952. Slumber Mattress

[Yol. 1048E] 10. Company, Pittsburgh, Pennsylvania expires April 30, 1952. Dixie Bedding Company, Richmond, Virginia expires January 1, 1952. Sanitary Bedding Com-

pany, St. Paul, Minnesota expires December 31, 1951. The Colorado Mattress Company, Denver, Colorado expires May 30, 1952. Super Rest Products Company, Rochester, New York expires September 30, 1952. American Bedding Company, Charlotte, North Carolina expires September 30, 1952.

The board discussed the renewal of any and all contracts to be renewed for a five year period and agreed on the policy that any renewal on a five year basis carry minimum payments of 70% of the sales par of the previous year for the first year of the renewal, 80% for the second year, 90% for the third year, 100% for the fourth and fifth year and for all years thereafter on a perpetual basis.

Mr. Wuliger made a motion that the above contracts be considered for a five year renewal agreement based on the payment of a minimum royalty of 70% of their sales quota for the first year, 80% for the second year, 90% for the third year, and 100% for the fourth and fifth years. The sales par of the plants to be established as has been the custom in the past. This motion was seconded by Mr. Brown and passed. The following action was taken:

Allston—renewed for a five year period on a 70-80-90-100 basis with the exception that the city of Brattleboro in the state of Vermont not be included in the new agreement.

Bluefield—renewed on a 70-80-90-100 basis for five years.

Pittsburgh—renewed on a 70-80-90-100 basis for five years.

St. Paul—renewed on a 70-80-90-100 basis for five years.

Denver—renewed on a 70-80-90-100 basis for five years.

Rochester—renewed on a 70-80-90-100 basis for five years.

Richmond—renewed on a 70-80-90-100 basis for five years.

Charlotte—to be renewed on a basis decided by the officers of Sealy, Inc. after a meeting with the officials of the American Bedding Company.

#### Proxy for Posture Products Stock

11. Mr. Bergmann made a suggestion that the authorization for the voting of the Posture Products stock owned by Sealy, Inc. be given to Mr. M. A. Kaplan, vice president, and that the secretary be instructed to execute a proxy to that effect. Mr. Brown made a motion that such authorization be granted. This was seconded by Mr. Wuliger and passed.

#### [fol. 1049E] Purchase of Common Stock

12. Mr. Bergmann reported that he had requests for the purchase of common stock of Sealy, Incorporated by the following persons and corporations:

Upon motion of Morris Stein, seconded by R. G. Culp the officers were authorized to issue said shares to the above named persons and corporations upon their execution of contracts with the company with respect to such shares and upon payment of the purchase price of said shares at \$100.00 per share.

It was noted that some of said shares had been issued prior to this meeting and upon motion of Mr. Stein the act of the officers in issuing such stock was ratified and approved.

13. Meeting recessed at 9:30 P.M.

E. H. Bergmann, President. J. R. Lawrence, Vice President. —, —, Ass't. Secretary.

#### [fol. 1050E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 973

Minutes of Sealy, Incorporated Stockholders Meeting Held at American Furniture Mart Chicago, Illinois Nov. 10th, 1951.

#### Roll Call

1. The meeting was called to order at 2:00 P.M. by Earl H. Bergmann, president, and R. G. Culp acted as secretary with the following stockholders present:

Name	Number of Shares Sealy, Incorporated
Bergmann, E. H.	10 (p in p)
Brown H. King and/or Diana Brown, Det	50 (n by n)
Brown, Peter D. and/or Dorothy Brown, Det:	50 (n in n)
Brown Reliable Bedding Co., Detroit Mich.	50 (n hy n)
Colorado Mattress Mfg. Co., Inc. Denver.	Q (n hy n)
Culp, R. G., Pittsburgh, Pa.	5 (n in n)
Eagle Mattress Co., Aliston, Mass	8 (n by n)
Empire State Bedding Co., Schenectady, N. V.	22 m hy n
Kanter, Edward J. and/or Tillie S. Kanter, Kansas Ci	ty. Mo. 50 (n in n)
Kegan, Bernard M. S., St. Paul, Minn.	15 (n in n)
Kligman, Max. Brooklyn, N. Y	10 (n in n)
Lews, M., & Herts, Samuel, Passaic, N. J.	10 (n in n)
Metcalfe Bros., Inc.	5 (p by p)
Pettit Bedding Co., Portland, Oregon	40 (p by p)
Rogers Mfg. Co., Houston, Texas.	10 (p by p)
Schmitt & Henry Mft. Co., Des Mointes	
Conito and Duddies Co., Chicago, III.	103 (p by p)
Sanitary Bedding Co., St. Paul, Minn.	(5 (p by p)
Sutherland, Sidney, Richmond, Va	5 (p in p)
U. S. Bedding Co., Memphis, Tenn Waterbury Mattress Co., Waterbury, Conn	344 (p by p)
Wuliger, Ernest M., Cleveland, Ohio	20 (p by p)
munger, miner may Oleverand, Omo	77 (p in p)

#### Election of Judges

- 2. The president appointed Herbert J. Haas and J. R. Lawrence as Election Judges, who, after taking the oath of office, examined the proxies and reported as to the number of shares present and authorized to vote, as follows:
- (a) Sealy, Incorporated has issued and outstanding and entitled to vote at this meeting 1173 shares. Of said shares 232 shares are present at this meeting in person, and 782 shares are present at this meeting by proxy. In person and by proxy a majority were present constituting a quorum for the transaction of business.

#### Financial Statement of 6/30/51.

3. (a) The Financial Statement of June 30, 1951 was read and reviewed by Mr. Bergmann.

Upon motion of L. G. Haas, seconded by Peter Brown, the report was approved.

#### [fol. 1051E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 974

Minutes of Sealy, Incorporated New Board of Directors Meeting Held at American Furniture Mart, Chicago, Illinois, November 10, 1951.

#### [fols. 1052E-1053E] Standing Committees

- 7. The president made the following nominations of standing committees:
- (a) Advertising Committee—M. A. Kaplan, Chairman, E. J. Kanter, William Walzer, E. M. Wuliger, Entire Staff.
- (b) Specifications Committee—M. H. Yulman, Chairman, M. A. Kaplan, L. G. Haas, Ben Rosenfeld, Morton Walzer, E. M. Wuliger.
- (c) Promotional Seales Committee—E. M. Wuliger, Chairman, M. A. Kaplan, E. J. Kanter, William Walzer, Joe Young.
  - (d) New Ideas Committee—L. G. Haas, Chairman, Irving Fisher, H. F. Kaufman, William Walzer, J. J. Willens.
  - (e) Grievance Committee—H. J. Haas, Chairman, H. B. Fouts, M. A. Kaplan, E. M. Wuliger.

#### GOVERNMENT'S EXHIBIT No. 976

Minutes of Sealy, Incorporated Board of Directors Meeting Held at Conrad Hilton Hotel, Chicago, Ill., November 21, 1952.

.[fol. 1056E] Proposed Sale of U.S. Bedding Co. of Memphis, Tennessee

10. Mr. Bergmann stated that there had been negotiations for the sale of the U. S. Bedding Company, Memphis, Tennesse and that solicitation had been made for the approval of the transfer of the franchise contract now held by the U. S. Bedding Company. Mr. Louis Haas stated that the following agreements were reached in negotiations between the Slumber Products Corporation and the U. S. Bedding Company:

"(a) That the franchise contract that it has with Sealy, Inc., may be assigned to the Slumber Products Company with the understanding that the contract to be assigned does not include any franchise rights in the States of Oklahoma and Texas and excludes all territories that may have been re-assigned to Sealy, Inc. prior to March 1, 1953.

(b) To obtain from Sealy, Inc., for and on behalf of Slumber Products Company, the right to continue to manufacture and service "Restonic Products" for a period of fifteen months from March 1, 1953, upon condition that the Slumber Products Company agrees to cease the manufacture, sale or servicing of Restonic products from and after such date, either directly or indirectly, and that none of the principals of Slumber Products Company will have any direct or indirect financial interest in any company or corporation manufacturing, selling or servicing "Restonic" products from and after fifteen months from March 1, 1953.

Slumber Products Corporation agrees to enter into an agreement with Sealy, Inc., that during the period of time from March 1, 1953, and fifteen months thereafter, to pay Sealy, Inc. a royalty of not less than the average monthly royalty paid by the U. S. Bedding Company from its Memphis operation, during the year 1952.

eighteen months. Mr. Ostrow made a motion that the agreement with the Logan Company be extended eighteen months and at the end of that period that if their sales and manufacturing performance are deemed adequate, then they be given a regular five year contract. This motion was seconded by Mr. Fouts and passed.

#### Approval of Lexington Contract

16. Mr. Bergmann gave an outline of the agreement between Sealy, Incorporated and the Peerless Mattress Mfg. Co. of Lexington, North Carolina. Mr. Kaplan made a motion that this agreement be approved. This was seconded by Mr. Haas and passed.

#### [fols. 1059E-1061E] Canadian Operations Authorized

18. Mr. Bergmann gave an outline of his talks with possible Canadian licensees and asked the board's authorization for the necessary expenditure for expansion in Canada. Mr. Yulman made a motion that this authorization for the expansion of Sealy activities in Canada be made. This was seconded by Mr. Fouts and passed.

Approval of Issuing of Additional Shares of Sealy, Inc. Stock

19. Mr. Bergmann stated that he had requests for additional purchases of Sealy, Incorporated stock at \$100.00 per share. The requests were as follows: 50 shares by Mrs. Bertha Hartman, 5 shares by J. R. Lawrence, 25 shares by E. H. Bergmann, 10 shares by Sidney Sutherland, 10 shares by J. Rudick, 20 shares by the Waterbury Mattress Company, 3 shares by the Empire State Bedding Company, 25 shares by M. H. Yulman, and 21 shares by the Slumber Mattress Company. Mr Stein made a motion that the purchase of the above shares be authorized. This motion was seconded by Mr. Kaplap and passed.

# [fol. 1062E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 978

## Sealy, Incorporated Stockholders

	Name		Plant	Bhares
	Eagle Mattress Co		Alleton	. 8
	Metcalle Brothers, Inc.		Rhafield	. 8
,	Rogers Mfg. Co Max Kligman		/ Krookivn	12
	Pisher Products		Charter	103
	meyer & Mortes Kadian		Chicago	69
1	Ernest M. Wuliger Colorado Mattress Mfg. Co		Danwar	92
-	Brown H. King and/or Dia		Des Moines	38 104
	Brown Pyte D. and/or Dor Brown Reliable Bedding.	othe :	Detroit	
	Seepcraft. David Mfg. Co	************	It. Worth	
	MITS. JOS MARTINAN		Wannan CVA	119
	sadore Gale: Sealy Mattress Co		Los Angeles	72
8	Slumber Products	**************	Louisville	. 12
- 1	ewis M. & Herts Samuel	***************	Paterson	10
	H. F. Kaufman.		. Pittaburgh	.60
8	Rumber Mattress		Pittaburgh	35 25
- 4	ettit Bedding Co		Reading	12
8	anitary Bedding Co	***************************************	Richmond	18
- 8	M. H. Yulman		Rohanastadu	25 35
	Vaterbury Matterns Co		Waterhury	60
J	. R. Lawrence			101
	sonard Pressman, Trustee.			. 33
. 0	Total Shares Outst. Pertified to be correct list as			1839
-	or arred on the cottage time of	of 6/20/94"	-	

J. R. Lawrence, V.P.

Proxy

Date -

Know all men by these presents - that the undersigned does constitute and appoint ——his attorney, with power of substitution for him and in his name, place, and stead, to vote as his proxy for the election of Directors, and upon all matters that may be considered at the Annual Meeting of Stockholders of Sealy, Incorporated, to be held at the office of the Corporation, No. 666 North Lake Shore Drive, in the City of Chicago, State of Illinois, on the 12th day of November, 1954, at 10:00 o'clock A.M. or at any adjournment thereof, according to the number of votes he should be entitled to vote, as fully and with like effect as if then personally present, hereby revoking all former proxies. In Witness Whereof, I, or We have hereunto set — hand and seal this — day of ——, 1954.

—, —, (Corporate name or individual

Aftest:----,

(Secretary or Witness

# [fol. 1063E] IN UNITED STATES DISTRICT-COURT

# GOVERNMENT'S EXHIBIT No. 980

#### Sealy, Incorporated Stokeholders

		Plant	Shares
E. H. Bergmann		and the same	165
Brown, H. King and/or Diana		Detroit	'n
Brown, Peter D. and/or Dorothy.		Detroit	/iii
Brown Reliable Bedding		Detroit	252
Colorado Mattress Mfg. Co		Denvier	93
R. G. Culp		Pittehureh	50
David Mfg. Co		Kanasa City	108
Eagle Mattress Company		Alleton	8
Empire State Bedding		Schangetachy	63
Fisher Products		Chester	9 5
Mrs. Joe Hartman		Kanesa City	122
H. F. Kaufman		Pittehureh	60
M. Lewis and Samuel Herts		Paterson	13
R. S. Logan		Louisville	15
Eugene Kligman		Renoktun	3
Max Kligman		Rmoklyn	12
Fred G. Hodges Bedding Co	.,	Reading	15
Metcalfe Bros., Inc.		Rhaefald	10
Pettit Bedding Co		Portland	40
Rogers Manufacturing Co		Rephare	12
Schmitt & Henry Mfg. Co	1	Des Moines	41
Sealy Mattress Company		Chicago	103
Sealy Mattress Company		Los Angeles	72
Sealy Mattress Sales Co		Pittahureh	35
Sanitary Bedding Company		St. Paul	23
Sidney Sutherland	1.00	Richmond	21
Sleepcraft, Inc		Fort Worth	5
Slumber Mattress Co	4	Pittahureh	28
Slumber Products Co		Memphia	53
Waterbury Mattress Company		Waterbury	63
Ernest M. Wuliger.		Cleveland	95
Mr. and/or Mrs. Jendore Gale	q	Kanses City	21
Leonard Pressman—Trustee		Chicago	33
Louis G. Haas & Mary D. Hass		Fort Worth	3
Maryland Bedding Company		Raltimore	10
Burton B. & Robert B. Kaplan as join	int tenants.	.Chicago	72
Louis J. Gross.		Rochester	. 5
Myron Brenner		Rochester	5
Peerless Mattress Company		Lexington	. 5
			-
Total Shares Outstanding		***************************************	1.900
Certified to be a correct list as of Se	pt. 23, 1955		
E. H. Reremann President	- 67	** .	

## [fol. 1064E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 981

November 11, 1955.

#### By-Laws of Sealy, Incorporated

#### Title

1. The title of this corporation is Sealy, Incorporated.

#### Location of Offices

2. The principal office of the corporation in Delaware shall be in Wilmington, and the resident agent in charge thereof shall be The Corporation Trust Company, 100 West Term Street, Wilmington 99, Delaware.

The corporation may also have on office or offices in the City of Chicago, State of Illinois, and at such other places as the Board of Directors may, from time to time, designate.

#### Corporate Seal

3. The corporate seal shall be circular in form and have inscribed thereon the name of the corporation, the year of its incorporation (1933) and the words "Incorporated Delaware".

#### Meetings of Stockholders

4. Meetings of the stockholders shall be held at the office of the corporation in the City of Chicago, State of Illinois, or at such other place or places as the Board of Directors may, from time to time designate.

The Annual Meeting of the stockholders for the election of the Board of Directors and the transaction of such other business as may properly come before the meeting, shall be held at such place in the City of Chicago, State of Illinois, as may be fixed by the President at the time of calling such Annual Meeting, as hereinafter set out. Such meeting shall be held during the month of November of each year at the

call of the President upon forty-five (45) days' notice, and such notice shall stipulate the time at which the meeting

shall take place.

The Board of Directors may set a different time for the holding of the Annual Meeting, but no change of time or place for the Annual Meeting shall be made by the Direc-[fol. 1065E] tors within sixty (60) days next before the date on which such election is to be held; and, in case of any change in such time and place for such election of Directors, notice shall be given to each stockholder in person or by letter mailed to his last-known post office address at least twenty (20) days before the date of the annual meeting.

Each stockholder shall, at every meeting of the stockholders, be entitled to one vote in person or by written proxy, signed by him, for each share of voting stock held by him, but no proxy shall be voted on after three years from its date, unless it provides for a longer period, but such right to vote shall be subject to the right of the Board of Directors to close the transfer books or to fix a record date for voting stockholders as hereinafter provided, and if the Directors shall not have exercised such right, no share of stock shall be voted on at any election for Directors which shall have been transferred on the books of the corporation within twenty (20) days next preceding such election.

Special Meetings of the stockholders may be called by the President, and shall be called on the request in writing or by a vote of the majority of the Board of Directors or on demand in writing of stockholders of record owning a majority in amount of the capital stock outstanding and entitled to vote.

Notice of all meetings shall be mailed to each stockholder of record at his or her last-known post office address for Annual Meetings twenty (20) days and for special meetings ten (10) days prior thereto.

The holders of a majority of the stock outstanding and entitled to vote shall constitute a quorum, but the holders of a smaller amount may adjourn from time to time without further notice until a quorum is secured.

The maximum holdings or ownership of stock of the corporation by any person, firm, or corporation, and by any licensee, its officers, directors and stockholders, (including the wife, child or children or trustee for the wife, child, or children of any officer, director, or stockholder of the licensee) shall be limited to twenty-five (25) per cent of the voting shares of the corporation issued and outstanding.

#### Directors

5. The property and business of the corporation shall be managed and controlled by a Board of Directors consisting of not less than nine (9) nor more than fifteen (15) [fol. 1066E] members who shall, unless specified by these by-laws or contracts of this corporation, act by a majority vote of a quorum present for the transaction of business of the corporation. The Board of Directors is to be elected by the stockholders at the Annual Meeting by a majority vote, and to hold office until the next Annual Meeting and until

their successors are elected and qualified.

The stockholders at the Annual Meeting shall elect not more than three (3) of the Directors as Alternate Directors. No person shall be elected a Director or an Alternate Director unless he shall be a stockholder of this corporation or a representative of a stockholder of this corporation which has in effect, with this corporation, a license contract granting to such stockholder the right to manufacture and sell Sealy products. If, at any time, any Director or Alternate Director shall cease to be a stockholder, or cease to represent a stockholder having in effect with this corporation a license contract, his office shall forthwith become vacant.

Only one representative of a stockholder shall be eligible to serve as an active Director. Alternate Directors may be present at all meetings of the Directors, but shall be entitled to vote only if an active Director, who is a representative of a stockholder licensee is not present at the meeting.

If there be a vacancy on the Board of Directors by reason of death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by the remaining Directors,

though less than a quorum, by a majority vote.

The Board of Directors may, at any time, by amendment of the By-Laws, increase the number of its members and may elect additional members to fill the offices so created, who shall hold office until the next Annual Meeting of the stockholders and until their successors are elected and analified.

#### Powers of Directors

6. The Board of Directors shall have, in addition to such powers as are hereinafter expressly conferred on it, all such powers as may be exercised by the corporation, subject to the provisions of the statute, the Certificate of Incorporation, and the By-Laws.

. The Board of Directors shall have power:

To purchase or otherwise acquire property, rights, or privileges for the corporation, which the corporation has power to take, at such prices and on such terms as the Board of Directors may deem proper.

[fol. 1067E] To pay for such property, rights, or privileges in whole or in part with money, stock, bonds, debentures, or other securities of the corporation, or by the deliv-

ery of other property of the corporation.

To create, make, and issue mortgages, bonds, deeds of trust, trust agreements and negotiable or transferrable instruments and securities, secured by mortgages or otherwise, and to do every other act and thing necessary to effectuate the same.

To appoint agents, clerks, assistants, factors, servants, and trustees, and to dismiss them at its discretion, to fix their duties and emoluments and to change them from time to time and to require security as it may deem proper.

To confer on any officer of the corporation the power of

selecting, discharging, or suspending such employees.

To determine by whom and in what manner the corporation's bills, notes, receipts, acceptances, endersements, checks, releases, contracts, or other documents shall be signed.

Meetings of Directors

7. After each annual election of directors, the newly elected Directors may meet for the purpose of organization, the election of Officers, and the transaction of other business, and, if a majority of the Directors be present at such time and place, no prior notice of such meeting shall be required to be given to the Directors. The place and time of such first meeting may also be fixed by written consent of the Directors.

Regular meetings of the Directors shall be held at such times and places as may be fixed by resolution of the Board. No notice of regular meetings shall be required.

Special Meetings may be called by the President on ten (10) days' notice in writing or on five (5) days' notice by telegraph to each Director and shall be called by the President in like manner on the written request of two Directors.

Special meetings of the Board may be held within or without the State of Delaware at such place as is indicated

in the notice or waiver of notice thereof.

A majority of the Directors shall constitute a quorum, but a smaller number may adjourn from time to time without further notice, until a quorum is secured.

#### [fol. 1068E] Executive and other Committees

8. There shall be an Executive Committee consisting of the President Ex-Officio and five (5) other members of the Board to be appointed by the President with the approval

of a majority of the entire Board.

Should any member of the Executive Committee cease to be a member of the Board of Directors during his term as a member of the Executive Committee, he shall automatically cease to be a member of the Executive Committee, and the vacancy thereon shall be filled by the President appointing a Director in his place, such appointment to be approved by a majority of the entire Board of Directors.

The Executive Committee shall not have power to alter or amend the By-Laws, but shall exercise all other powers of the Board of Directors between meetings of said Board, except the power to fill vacancies in their own membership, which vacancies shall be filled by appointment by the President subject to confirmation by a majority of the entire Board of Directors.

The Executive Committee shall meet at stated times or on notice to all by any of their own number. It shall fix its own rules of procedure. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

The Executive Committee shall keep regular minutes of its proceedings and report same to the Board of Directors.

The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate such other Committees to exercise the powers of the Board of Directors to the extent provided in the resolution or resolu-

tions creating such Committees, but no such resolution or resolutions shall empower or change the manner of selecting the Executive Committee, as provided in this By-Law.

Compensation of Directors and Members of Committees

9. Directors and members of standing committees shall receive such compensation for attendance at each regular or special meeting as the Board shall, from time to time, prescribe.

Officers of the Corporation

10. The Officers of the corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, counsel, and such other Officers as may, from time to time, be chosen by Board of Directors. The President and Vice-Presidents shall be chosen from among the Directors. [fol. 1069E] One person may hold the offices of Secretary and Treasurer, or Vice-President and Treasurer, or Vice-President and Secretary, but not the offices of Vice-President. Secretary, and Treasurer.

The Officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any Officer elected or appointed by the Board of Directors may be removed either with or without cause at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any Officer or Officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

#### Duties of the President

11. The President shall be the Chief Executive Officer of the corporation. It shall be his duty to preside at all meetings of the Stockholders and Directors; to have general and active management of the business of the corporation; to see that all orders and resolutions of the Board of Directors are carried into effect; to execute all contracts and agreements authorized by the Board; to keep the seal of the corporation, and, when authorized by the Board or the Executive Committee, to sign and to affix the seal of the corporation to any instrument requiring the same, which seal shall be attested by the signature of the Secretary or the Treasurer.

He shall have the general supervision and direction of the other Officers of the corporation, and shall see that their duties are properly performed.

He shall submit a report of the operations of the corperation for the year to the Directors at their meeting next preceding the annual meeting of the stockholders and to the stockholders at their annual meeting.

He shall be ex-officio a member of all standing Committees, and shall have the general duties and powers of supervision and management usually vested in the office of President of a corporation.

#### Vice-President

12. The Vice-President or Vice-Presidents, in the order of their seniority, shall be vested with all the powers and required to perform all the duties of the President in his absence or disability, and shall perform such other duties as may be prescribed by the Board of Directors.

[fol. 1070E] The office of Honorary Trustee is created for the purpose of recognizing service and devotion to the cause of the corporation over a period of years. The Board of Directors, by a three-fourths vote of the full Board. shall have the right to elect anyone to such office. Such Officer shall not be a member of the Board of Directors nor shall he have any duties to perform except to give such counsel and advice to the Board and the Officers as he may, from time to time, be called upon for. He shall not exercise the function of any of the Vice-Presidents or other Officers of the corporation. He shall have the right to attend all meetings of the Board, and, when authorized by a majority of the Board, at the Annual Meeting, such attendance to be at the expense of the corporation. The election of such office shall be for life, or until such time as the interests of such person shall, in the determination of the Board, have come in conflict with the interests of the corporation.

#### President Pro Tem

13. In the absence or disability of both the President and the Vice-Presidents, the Board may appoint a President Pro Tem.

#### Secretary

14. The Secretary shall attend all meetings of the corporation, the Board of Directors, the Executive Committee, and standing committees. He shall act as clerk thereof, and shall record all of the proceedings of such meetings in a book kept for that purpose. He shall give proper notice of meetings of stockholders and Directors, and shall perform such other duties as shall be assigned to him by the President or the Board of Directors.

#### Treasurer

15. The Treasurer shall have custody of the funds and securities of the corporation, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

He shall disburse the funds of the corporation as may be ordered by the Board, Executive Committee, or President, taking proper vouchers for such disbursements, and shall render to the President and Directors, whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation, and at the regular meeting of the Board next preceding the annual stockholders' meeting, a like report for the preceding year.

[fol. 1071E] He shall keep an account of stock registered and transferred in such manner and subject to such regulations as the Board of Directors may prescribe.

He shall give the corporation a bond, if required by the Board of Directors, in such sum and in form and with security satisfactory to the Board of Directors for the faithful performance of the duties of his office and the restoration to the corporation, in case of his death, resignation or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession, belonging to the corporation. He shall perform such other duties as the Board of Directors or Executive Committee may, from time to time, prescribe or require.

#### Counsel

16. The counsel shall be the legal adviser of the corporation, and shall receive such salary for his services as the Board of Directors may fix.

#### **Duties of Officers May be Delegated**

17. In case of the absence or disability of any Officer of the corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate his powers or duties to any other Officer or to any Director for the time being.

#### Certificate of Stock

18. Certificates of stock shall be signed by the President or Vice-President and either the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary. If a certificate of stock be lost or destroyed, another may be issued in its stead upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity, in an amount sufficient to indemnify the corporation against any claim.

#### Transfer of Stock

19. All transfers of stock of the corporation shall be made upon its books by the holder of the shares in person or by his lawfully constituted representative, upon surrender of certificates of stock for cancellation.

#### Closing of Transfer Books

20. The Board of Directors shall have power to close the stock transfer books of the corporation for a period not exceeding fifty (50) days preceding the date of any meeting of stockholders or for payment of any dividend or for the [fol. 1072E] allotment of rights or when any change or conversion or exchange of capital stock shall go into effect. In lieu of so closing the books, the Board of Directors may fix in advance a date, not exceeding fifty (50) days preceding the said above mentioned dates as a record date for the determination of the stockholders entitled to notice of or to vote at any such meeting or entitled to dividends or other rights hereinbefore mentioned.

#### Stockholders of Record

21. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

#### Fiscal Year

22. The fiscal year of the corporation shall begin on the first day in July in each year.

#### **Dividends**

23. Dividends upon the capital stock may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the Directors may set apart out of any of the funds of the corporation available for dividends, a reserve or reserves for any proper purpose, and may alter or abolish any such reserve or reserves.

#### Checks for Money

24. All checks, drafts, or orders for the payment of money shall be signed by the Treasurer or by such other Officer or Officers as the Board of Directors may, from time to time, designate. No check shall be signed in blank.

#### Books and Records

25. The books, accounts, and records of the corporation may be kept within or without the State of Delaware, at such place or places as may, from time to time, be designated by the By-Laws or by resolution of the Directors.

#### [fol. 1073E]

#### Notices

26. Notice required to be given under the provisions of these By-Laws to any Director, Officer, or Stockholder, shall not be construed to mean personal notice, but may be

given in writing by depositing the same in a post office or letter-box, in a post-paid sealed wrapper, addressed to such stockholder, Officer, or Director at such address as appears on the books of the corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Waiver of Notice

27. Any Stockholder, Officer, or Director may waive, in writing, any notice required to be given under these By-Laws, whether before or after the time stated therein.

#### Amendments of By-Laws

28. Except as specifically provided in any By-Laws of this corporation, these By-Laws may be amended, altered, repealed, or added to at any regular meeting of the stockholders or Board of Directors, or at any special meeting called for that purpose, by affirmative vote of a majority of the stock issued and outstanding and entitled to vote, or by a majority of the whole authorized number of Directors, as the case may be.

# [fol. 1074E] IN UNITED STATES DISTRICT COURT

# GOVERNMENT'S EXHIBIT No. 985

# Sealy, Incorporated Stockholders

	Name		* ,	*					No	of Sh	
	Bergmann, E.	H							- 1	105	
	Diemer, Walk	M								105	
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	Eagle Mattress Empire State I Fisher Product									8	
	Fisher Product	a					*****			63	
(	Gale, Mr. and	or Mrs. I	ndore	*****			dess			5	
,	CALCOUR, LIVIER O.									31	
- 4	PROPERTY AND A PARTY.	JUD						10.		122	
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- 4	rreite, caminal	add Lawra	M							13	-
										15	
-	ASSESSMENT AND ADDRESS.	I D. And R	CODER P		INC CAR					72	
-	CONTRACTOR ALL P.									60	
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										12	
ñ	ogan, R. S Maryland Bedd	ine Co	*****		****					15	
ì	Metcalfe Bros.,	Inc	*****			*****				10	
-	COLUMN AND SELECT		nv					150	v -	9	
-	CAME TROUGHT	CARDINADV								5	
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	lumber Produc utherland, Sidr									53	
W	aterbury Matt	ress Com	DARW	*****		*****				21	. 1
W	uliger, Ernest	M.	,							63	
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C	ertified to be a	correct lie	t as of	Sept. 2	6, 195	4 1			1,9	W	
	many training to the same of t										

E. H. Bergmann.

#### [fel. 1075E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 991-D

Sealy, Incorporated—Officers & Directors, 1956-1957

#### Officers:

President Vice President Secretary Treasurer E.H. Bergmann M. A. Kaplan P. D. Brown H. F. Kaufman

#### Directors:

#### Active:

E. H. Bergmann
P. D. Brown
R. G. Culp
I. L. Fisher
L. G. Haas
H. B. Fouts
M. A. Kaplan

J. L. Metcalfe R. S. Rosenberg Ben Rosenfeld J. R. Rudick M. I. Walzer E. M. Wuliger M. H. Yulman

#### Alternate:

H. F. Kaufman

.W. H. Walzer

#### Honorary:

Seniel Ostrow

Morris Stein

#### **Executive Committee:**

M. A. Kaplan—Chairman P. D. Brown L. G. Haas E. M. Wuliger

M. H. Yulman

Posture Products, Inc.—Officers & Directors, 1956-1957

President
Vice President
Secretary-Treasurer
Asst. Treasurer
H. J. Hager, Sr.

# Directors:

1 .				Term Expires
E. H.	Bergmann		• • • • • • • • • • • • • • • • • • • •	1957
P. D.	Brown			1957
M. I.	Walzer	·		1958
М. Н.	Yulman .			1050
M. A.	Kaplan			1959
H. F.	Kaufman .	• 2 • • • • •		1959
J. R.	Rudick			1959

[fol. 1076E] IN UNITED STATES DISTRICT COURT

GOVERNMENT'S EXHIBIT No. 991-E

Sealy, Incorporated 1957 Committees

#### Executive

M. A. Kaplan, Chairman

P. D. Brown

L. G. Haas

E. M. Wüliger

M. H. Yulman

#### Advertising & Merchandising

E. M. Wuliger, Chairman

M. A. Kaplan

W. H. Walzer

B. Nathanson (Canadian Liaison)

Staff: C. V. Boyard

G. C. Skappell

R. C. Sport

#### Bedding

**Product Development & Specifications** 

L. G. Haas, Chairman

E. C. Haas, Sr.

J. L. Metcalfe

J. J. Willens

Staff: D. T. Armstrong H. R. Judson

#### Cost.

Bedding & Upholstery

Bernard M. S. Kegan, Chairman

C. W. Langstaff

Allen Unger

Staff: D. T. Armstrong

G. L. Fraikin

Market Chairmen

Boston—W. H. Walzer Chicago—M. A. Kaplan High Point—J. L. Metcalfe New York—M. H. Yulman San Francisco—M. J. Marzluft

#### Planning

H. B. Fouts, Chairman P. D. Brown R. G. Culp Ben Rosenfeld

Sales Managers

Staff: R. C. Stuart, Chairman
C. V. Bovard
G. C. Shappell
Victor Cleinman, Waterbury
A. L. Goodman, Schenectady
C. B. McGillivray, Chicago
Ed. Larkin, Memphis
Kolmon Sachse, Detroit
Roy Unger, Detroit

#### Upholstery

Advisory & Finalization

L. G. Haas, Chairman M. A. Kaplan M. I. Walzer E. M. Wuliger

Staff: D. T. Armstrong H. R. Judson W. A. Marbaugh

Designer: L. C. Algoren

# GOVERNMENT'S EXHIBIT NO. 991-F

Sealy Incorporated Employees 1951—To-Date

																				*		
Ponttion	President	Engineer	Sales	Sales	Office	• •			Switchboard	Ant Reco	Sales				Office.	•					Sales Prom.	Engineer
To.	2- 2-57	12-31-00	2-28-53	12-31-53	5-21-53	12-17-62	2 2-51	2-22-57	2-22-57	25	8-28-52	6-25-52	4-24-52	6-30-52	7-19-52	7-3-52	6-8-51	1-10-01	1-26-51	5-21-53	12-31-55	2-22-57
From	1- 1-51		19-1	1- 1-52	8-16-51	2- 1-51	7-23-52	10- 7-52	12-28-52	1-1-1	- 1-21		4-17-52	6-16-52	2-16-52	2- 4-62	1- 1-51	10-1-1		11- 7-53	7- 1-53	9-7-53
	Chicago, III.	Del Kay Beach. Fla.	Deerfield III	Winnetka, III.	Chicago, III.				***			49 Hr. ending		Chicago, III.	19 da. 1901				17 Hr	Tacoma, Washington	Lake Bluff, III.	Ada, Ohio
Address	3180 Lake Shore Dr.	218 Dixie Blvd.	544 Cumper Court	1519 Edgewood	2548 West Iowa	1017 W. Byron	545 Beldon	7229 N. Paulina	5040 N. Kenmore	1000 Loyola	4 9419 Hamlin	no record	no record	6312 N. Rockwell	5550 Kenmore	5441 S. Kildare	102 E. Chestnut	5718 Winthrope	4936 Superior St.	1517 No. Alder	403 Center Ave.	411 N. Main Street
Name	E. H. Bergman	E. J. Guckert	James K. Lawrence	Henry M. Lipson	Helen L. Totem Cieela	June Szerlong	Iroin I. Johnson	Bertha Weinzerber	Helena Temple	Helen M. McCauley	Joseph A Voing	Rose E. Lewis	Mary Hambrick	Dorothy Colby	Helen J Rerhann	Kenneth A. Olesnek	Barbara Moore Arnold	Gene M. Wilder	Mrs. Lallian Crug	Corrine D. Paulson	Lawton H. Crosby	Harry R. Judson

	To 12-31-54 11-30-53 8-16-53 11-15-53 7-28-53 7-31-55 11-15-55 7-31-55 1-22-55 5-15-56	2-22-57 2-22-5
=	From 4-12-53 11-16-53 6-14-53 8-13-53 7-16-53 11-28-53 8-28-53 6-12-55 6-12-55	3-7-55 10-25-55 2-14-55 3-21-55 3-1-55 1-18-55 1-1-21-55 1-1-55 1-1-55 1-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55 10-1-55
	Chicago, III. Chicago, III. Chicago, III. Chicago, III. Evanston, III. Chicago, III. Chicago, III. Chicago, III. Chicago, III.	Wheaton, III. Chicago, III.
	Address 3600 N. Fremont Unknown 2009 W. Arthur Street 215 E. Chestnut Street 1617 E. 50th Place 1245 Judson Ave. 6039 Dorchester 900 Margate Terrace 909 Washington 2617 W. 61st Street	806 N. Main Sfreet 7338 N. Winchester 8550 S. Knox 1247 N. Dearborn 7360 Lake Street 1628 Sherwin 4544 N. Hazel 1159 Lunt 5606 N. Fulton 2920 N. Pine Grove 1100 N. Dearborn 2905 Oak Street 4834 W. Henderson 1702 N. Vine Street 1834 W. Henderson 7758 S. Cornell 5630 So. Paulina 6404 N. Mozart 2535 Fontanna Dr. 2234 Sherman 6133 Kenmore 9503 Sherman
[fol. 1078E]	Name Colleen D. Reynolds Ann Semonick Susanne Trubitt Phyllis Trubitt Norma K. Herr Kaye McLatchie Alice Koster Evelyn F. Fuentes Joan Shutta Gilbertson Joseph N. Kallick	Wm. A. Marbaugh Hugh J. Gallagher R. M. Dominici Lois M. Piazzai Carol C. Janowaik Jayne Kurth Marjorie Jean Burdekin Lois Krugliok Marjorie Jean Burdekin Lois Krugliok Marjorie Jean Burdekin Lois Krugliok Marjorie Jenobis June Ellingsen Margaret P. Knoll Elenor Faulkenthal Joan Goetzinger Mary Ann Bullivan Mary Jane Lynch Delores Haugan David T. Armstrong Carl V. Bovard Glenn Fraiken Robert C. Stuart

Position Office Poosition 2-22-57 2-22-57 2-22-57 2-22-57 2-22-57 2-22-57 3-22-58 4-15-58 4-1-58 4-11-58 1-10-56 110-32-56 111-32-56 111-55 111-55 1-13-56 1-13-56 1-10-56 1-10-56 From Chicago, III. Cioero, III. Chicago, III. 822 N. Campbell 6124 W. Cermat. 3355 W. Belle Plaine 839 W. Winona 2700 W. Chicago Ave 928 W. Leamington 920 W. Lakeside Pla. 7958 N. Neva 7749 N. Leavitt 531 Deming Place 1756 W. Sunnyside 1946 W. Angyle Margaret Shanahan Adrianna Leynaar

Simone Roge

Raymond

Leontine B.

Name

#### [fol. 1079E] IN UNITED STATES DISTRICT COURT

#### GOVERNMENT'S EXHIBIT No. 991-G

October 26, 1956.

#### Sealy Plants

I. A. Wiener J. L. Wiener Sealy Mattress Co. 38-42 Everett Street Eagle Mattress Co. Allston 34, Mass. (Algonquin 4-7324) Joseph R. Rudick Sealy Mattress Co. 2307 Hollins Street Maryland Bedding Co. Baltimore 23, Md. (Gilmore 5-7010) J. L. Metcalfe P. O. Box 432, Gurney at Furnace St. Bluefield, Va. (Fairfax 61193-4) Sealy Mattress Co. Metcalfe Bros. Co. Eugene Kligman Sealy Mattress Co. Long Island Mattress Co. 460 Morgan Avenue Brooklyn 22, N. Y. (Evergreen 8-7760) Factory Sealy Mattress Co. 316 Price Street Fisher Prod. Co. Chester, Pa. (Chester 5-1865) I. L. Fisher 2119 Market St., 2nd Floor Sales Dept. Philadelphia, Pa. (Locust 8-1090) Sealy Mattress Co. R. H. Taylor Bedding Co. M. A. Kaplan 903 N. Halsted Street Chicago 22, Ill. (Michigan 2-2050) E. M. Wuliger Sealy Mattress Co. Ohio Mattress Co. 2841 East 37th Street Cleveland 15, Ohio (Vulcan 3-0444) Morris Stein Sealy Mattress Co 2363 Larimer Street Colorado Matt. Mig. Co. Denver 2, Colo. (Tabor 5-4267) H. B. Fouts Sealy Mattress Co. 301-325 S. W. 8th Street Schmitt & Henry Mfg. Co. Des Moines 8, Iowa (Cherry 3-5165) P. D. Brown Sealy Mattress Co. Brown Reliable Bedding 5914 Federal Street Detroit 9, Mich. (Tashmoo 6-4700) L. G. Hass Sealy Mattress Co. 3601 Conway, P. O. Box 1283 Fort Worth, Tex. (Terminal 4-2841) Sleepcraft, Inc. W. Brooks Brummitt Sealy Mattress Co. 5247 Buffalo Speedway Houston 5, Tex. (Mohawk 7-6501) Isadore Gale Sealy Mattress Co. 501 Santa Fe Road C. W. Langstaff David Mfg. Co. Kansas City, Mo. (Victor 2-3088) J. V. Moffitt, Jr. Sealy of the Carolinas P. O. Box 598 Peerless Mattress Co. Lexington, N. C. (3572) J. J. Willens Sealy Mattress Co. 5810 S. Normandie Ave. of Southern California Los Angeles 44, Cal. (Pleasant 3-3731) [fol. 1080E] William A. Edie Sealy Mattress Co. 200 Cabel St. Logan Co. Louisville 6, Ky. (Wabash 1361)

P. O. Box 2847

8-4471)

354 S. Parkway West

Memphis 2, Tennessee (Whitehall

Edgar C. Haas, Jr.

Sealy Mattress Co.

Slumber Products Co.

B Nathanson

#### Sealy Plants Continued

Sealy Mattress Co. 6699 San Pablo Ave M. J. Marshuft Oakland 8, Calif. (Olympic 26700) Of Northern Calif. 1809 S. Division-P. O. Box 5637 Sealy Mattress Co. Orlando, Fla. (5-9435) Sealy Mattress Co. Made-Wel Bedding Co. 196 W. Rail-ay Avenue Max Lewis Paterson, N. J. (Armory 4-7792) 1900 Lowe St.-West End R. G. Culp H. F. Kaufman Sealy Mattress Co. . Slumber Mattress Co. Pittaburgh 20, Pa. (Walnut 2-1000) 2337 N. W. York St. Sealy Mattress Co. Ben Rosenfeld Portland 10, Ore. (Capitol 31106) Petit Bedding Co. Sealy Mattress Co. F. G. Hodges Bedding Co. 107 Chestnut St. T. C. Engelhardt Reading, Pa. (6-4844) Williamsburg Ave. & Goddin St. Martin Rudick Sealy Mattress Co. P. O. Box 2236 (7-0348) Richmond, Va. 481-485 St. Paul St. Sealy Mattress Co. Louis J. Gross Rochester 5, N. Y. (Hamilton 6-5365, 5364, 5363, 5362) Super-Rest Prod. Corp. Myron Brenner 681 LaSalle St. St. Paul 14, Minn. (Midway 58143) Sealy Mattress Co. Sanitary Bedding Co. Ross S. Rosenberg Bernard M. S. Kegan 722 Broadway M. H. Yulman Sealy Mattress Co. Schenectady 5; N. Y. (Dickens 6-2385) Empire State Bedding Co. William H. Walser Morton I. Walser Sealy Mattress Co. Waterbury Mattress Co. 59 West Clay Street Waterbury 20, Conn. (Plaza 50141) 11313-83rd St. Bory Margolus Canadian Bedding Co. Ltd. Edmonton, Alberta, Canada (73511) 2274 Moreau St. James Ware Dominion Bedding Co. Montreal 4, Quebec, Canada La Fontaine 4-1157 81 Riverside Drive

Toronto 3, Ontario, Canada

(Rogers 7-5481)

Way Sagless, Ltd.